



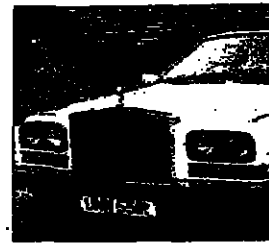
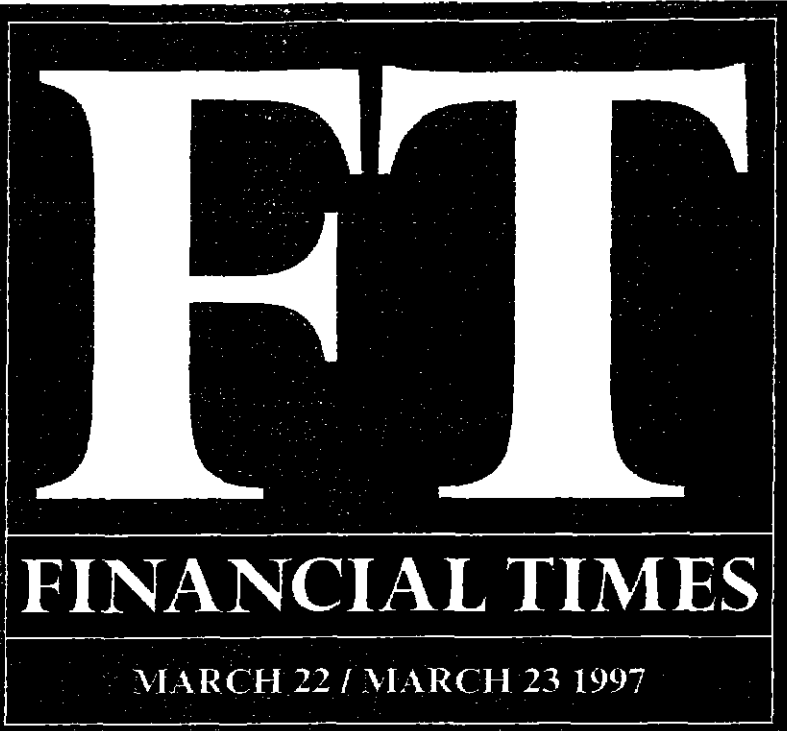
Art of survival in Zaire

'Where bribe-taking does not suffice, juggling several jobs becomes the only alternative'



Man or Superman?

'Take the Olympics out of my career, have I not been successful? I've been very successful'



Second-hand Rolls

'They are highly polished, but the blazer gleam is likely to be in the eye of the keen buyers'



All you need is cash

'I'd already handled Johnny Cash debentures, the Jethro Tull 2009s, and the Mott the Hoople 30-year notes'

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Clinton and Yeltsin agree over weapons treaty and soften line on Nato expansion

Helsinki talks reach nuclear breakthrough

By Chrystia Freeland and Matthew Kaminski in Helsinki

Russian President Boris Yeltsin and President Bill Clinton made an unexpected breakthrough on nuclear disarmament yesterday, but agreed to disagree over Nato's planned eastward expansion.

At their summit in Helsinki, Mr Yeltsin vowed to push the stalled 1993 Strategic Arms Reduction Treaty (Start II) through the Russian parliament.

Under the treaty the two sides would dismantle two thirds of their strategic nuclear warheads.

That would clear the way for a bold new deal which the two men vowed to negotiate, proposing a Start III

treaty that would slash the US and Russian nuclear arsenals to 20 per cent of their cold war levels within 10 years.

The two presidents also found a way to mollify Russia's continued opposition to Nato's plans to invite eastern European states to join this summer.

A separate agreement between Russia and Nato would be concluded before the eastern Europeans are invited in at Nato's July summit.

The proposed deal, described by Mr Clinton as offering Russia "a voice but not a veto" in Nato decision-making, would be signed by the leaders of all 16 members of the organisation.

However, it need not be ratified by their national leg-

islatures, a condition which falls short of Russia's earlier demand for a legally-binding charter. Mr Clinton softened that rejection by offering Russia swift accession to the west's big international economic and political organisations, including the World Trade Organisation, and an enhanced role in the G-7 group of industrial nations.

Mr Clinton - who has been anxious to push ahead with Nato's embrace of eastern Europe without creating a rift with Russia - held out the agreements as proof of a strengthening partnership between the US and its former adversary.

"We agreed to disagree about the question of expansion but we agreed that there must be a partnership between Nato and Russia

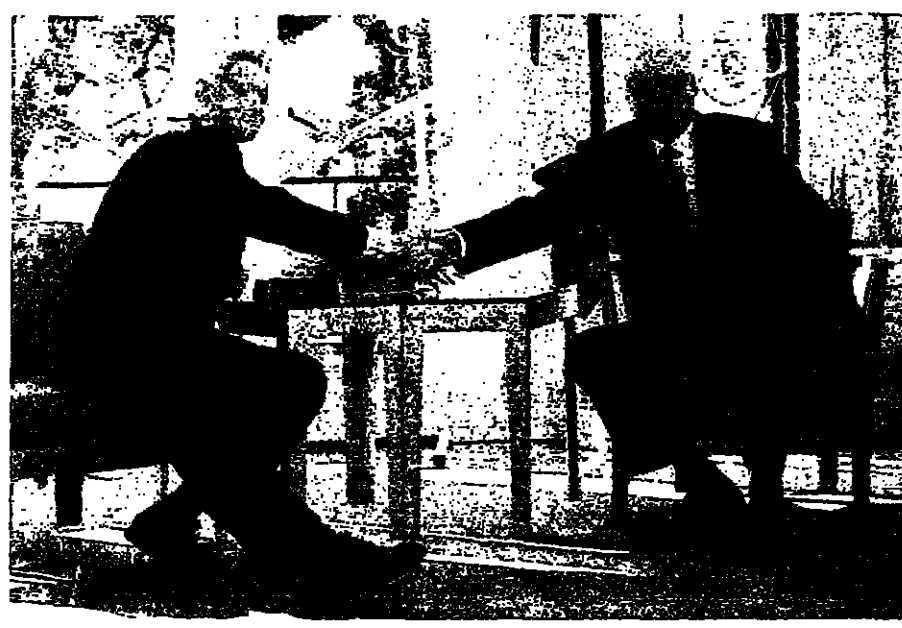
going forward into the future," Mr Clinton said.

Mr Yeltsin backed up that vision, saying the summit helped "open a new era in US-Russian relations".

In an early effort to sell the deal to a potentially hostile Russian audience, Mr Yeltsin angrily rejected a suggestion that Moscow had "betrayed" its political friendship for the economic pledges.

And Mr Yeltsin also insisted that Russia had won more committed economic and investment backing from what he characterised as a previously grudging United States.

On the economic front, Mr Clinton promised Russia greater participation at the forthcoming meeting of the G-7 in Denver, which would



Arms talks: Bill Clinton and Boris Yeltsin in Helsinki yesterday

be called "The Summit of the 8" in honour of Moscow's expanded role.

The two presidents set out a timetable for Russia's admission to other international organisations - the Paris Club of creditors in 1997 and the WTO in 1998.

Mr Yeltsin will also take home a pledge that Nato's nuclear weapons will not be stationed on the territory of the new member states and US support for formalising this intention in the Nato-Russia agreement.

That is likely to carry

great political weight in Russia, but could leave Nato open to charges of creating a two-tier structure. Mr Clinton rejected that view, insisting "there are no second-class members".

Russia's smiles, Page 2

Tel Aviv blast puts Middle East peace in doubt

By Judy Dempsey in Jerusalem

The future of the Middle East peace process was thrown into uncertainty yesterday after a suicide bomber killed two people and injured 44 in a Tel Aviv cafe.

The bomber, who blew himself up, had placed two plastic bags containing explosives between tables in the Apropa cafe in downtown Tel Aviv. The cafe and streets were crowded as Israelis started celebrating the Purim holiday, a festival that marks the salvation of Jews from genocide in ancient Persia.

Police said Hamas, the Islamic militant group, had claimed responsibility in a telephone call.

The bombing took place three days after Mr Benjamin Netanyahu, the Israeli prime minister, gave the go-ahead for the construction of a Jewish settlement at Har Homa in Arab east Jerusalem despite criticism from around the world that it could lead to violence.

Mr Netanyahu blamed the Palestinian Authority, led by Mr Yasser Arafat, saying it had indirectly given a green light to terrorist groups to launch attacks.

At a news conference at the end of the Helsinki summit with Russian president Mr Boris Yeltsin, Mr Bill Clinton, the US president, condemned the bombing.

Mr Arafat telephoned Mr Ezer Weizmann, the Israeli president, to express his condolences.

Man in the News, Page 7

Chinese puzzle out the answers on Hong Kong

By John Riddling in Hong Kong

Contenders must know What's My Party's Line on handover

From bustling Shanghai to booming Shenzhen, China will settle down after dinner tomorrow to watch the country's glitziest quiz show.

Not for these viewers, though, celebrity trivia or mathematical teasers.

Instead the contestants will be thoroughly grilled on Hong Kong, facing such posers as: What is its surface area? What are the basic principles of the post-colonial constitution? Where is the Hawaii of the east?

With 100 days to go before

the colony returns to China, fascination with the long-lost capitalist outpost is building - and so is a government propaganda drive.

Deng Xiaoping may have departed, but his goal of regaining Hong Kong still yields huge political capital for a government anxious to remove the stain of colonial humiliations and foster national pride.

Tomorrow's broadcast is the biggest event so far in a carefully-orchestrated education drive. CCTV, the

state television network, believes there will be 200m viewers for the grand final, which follows eight months of heats across the country.

Ms Tao Weigian, director of propaganda at C-Bons Cosmetics (Wuhan) Co, is rooting for the Hubei team, which features two members from her company.

"After they won the semi-final we awarded each of them 800 yuan (\$96) and new suits," she says. "The provincial government held a meeting to celebrate,

encouraging them to become the champions."

Mr Ding Jianguo, Communist Youth League secretary of the Qishan Nuclear Power Plant and a member of the Zhejiang team, hopes victory will allow him to travel south. "I've always wanted to go to Hong Kong and I hope I will be able to after the quiz."

Mr Ding and his rivals will face a quiz format developed in the west and increasingly popular in China. Introduced by the

theme tune "Soaring Aspirations", it will be hosted by Mr Zhao Zhongxiang, China's best-known MC.

Between questions there will be music and dancing. And of course there will be prizes.

No cars or exotic holidays, but the winning team will receive a cup and 15,000 yuan. That is big money in China, where a state worker might pocket 600 yuan a month.

Cash rather than coercion serves to forge consensus.

But if the format is familiar, the audience will be unusual, with senior government officials and the head of the future People's Liberation Army garrison in Hong Kong on hand to provide guidance.

If earlier rounds are a guide, the questions will emphasise the territory's Chinese roots.

Why is Hong Kong not a colony? Because it has always been a Chinese territory, replied one candidate.

Another central theme is

the autonomy of Hong Kong after the handover. Who takes care of Hong Kong affairs? asked the MC.

"Hong Kong people take care of Hong Kong affairs," narrowed a contestant.

Such questions underline two concerns: that China's cadres will stampede into the territory in search of spoils and, more serious, that Hong Kong freedoms will follow sovereignty across the border.

Tomorrow's quiz show may borrow the tricks of western TV. But political ideas are best left in Repulse Bay, home of Hong Kong's improbable Hawaii.

News General

Macedonia jails banker

The imprisonment of Tome Nenovski, deputy governor of Macedonia's central bank, after the collapse of the private savings bank TAT, highlights the government's anxiety to avert a crisis similar to that in neighbouring Albania. Mr Nenovski was allegedly among businessmen and politicians in the former Yugoslav republic who borrowed at reduced rates from TAT, which is suspected of investing depositors' funds in pyramid schemes in Albania. Page 2

Pakistan plans tax cuts to secure IMF aid: Pakistan is planning to slash import tariffs and cut corporate and personal taxes by a substantial margin next week in a renewed effort to seek fresh credits from the International Monetary Fund for its troubled economy. The moves follow departure of an IMF mission after agreement to suspend an \$831m standby loan in the hope of securing a larger longer-term provision. Page 3

Chicago is world's busiest airport: Chicago's O'Hare retained its position as the world's busiest airport last year, handling 69.1m passengers. Atlanta remained in second place with 63.3m passengers, but Los Angeles overtook London's Heathrow to move into third place, handling 57.9m passengers to Heathrow's 56m. Page 3

Lloyd's endless battles: Most Lloyd's of London "names" may have given up their right to sue the insurance market by accepting \$5bn in compensation for huge losses suffered in the recent past, but litigating die-hards can draw comfort from the knowledge that, for some, the legal battles will never end. Page 4

Last puff for tobacco industry?

Tobacco industry shares fell yesterday after one US company admitted that smoking causes cancer, set up a payout plan for successful litigants and decided to hand over thousands of internal documents. But analysts remained unconvinced that Liggett's moves would be a real blow to the industry.

Report, Page 4; Analysis, Page 7; Lex, Page 24

News Business

Kodak shares tumble

Shares in Eastman Kodak tumbled 11 per cent early yesterday, wiping \$3bn from its stock market value, as the US photographic products company revealed its sales growth had ground to a halt in the first two months of this year. The news follows recent comments by Federal Reserve chairman Alan Greenspan who said he did not believe US share prices were too high, provided companies were able to match the high expectations for continued profits growth. Page 24

Steel bid hits at Germany's heartland: Dortmund, like other parts of Germany's old industrial heartland, faces 20 per cent unemployment if worst fears come to pass in the coal and steel industries. So the bid by steelmaker Krupp Hoesch for rival Thyssen is seen as a further blow to the country's economy. Page 7

Bro-X shares suspended: Shares in Bre-X Minerals, the small Canadian company that claims to have found the world's largest gold deposit, were suspended after an Indonesian newspaper cast doubt on the size of the reserves. Citing a report by Freeport-McMoran Copper & Gold, the US company which has agreed to develop the Busang mine on the island of Sumatra, the newspaper said reserves were far below the 11m ounces previously estimated by Bre-X and might not be commercially exploitable. Page 24

Shares stabilise after turbulent week

The latest Alan Greenspan inspired storm in global markets looked to have blown itself out, but not without leaving investors bruised by the experience. The FTSE 100, which has had to endure a series of dismal performances, finished 3.3 lower at 4,254.8. On the week, the Footsie has fallen almost 170 points, or 3.8 per cent. Page 20

Matif invites bets on Emur: Matif, the Paris-based futures and options exchange, unveiled a range of new products, including options that let investors bet on the likelihood of European monetary union going ahead. Page 23

Lourho signals culture change: Lourho shareholders will be asked on Wednesday to approve Sir John Craven, a merchant banker, to succeed Sir John Leahy, former UK ambassador to South Africa, as chairman. Nothing could be more indicative of the changed management objectives at Britain's most diverse conglomerate. Page 22

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Albania L2000	Austria S407	Bahrain D11.200
Bermuda S2.00	Bulgaria B775	Canada C22.00
China RMB8.50	CSE US\$4.00	Croatia K16.00
Czech CZK 100	Czech Rep 100	Danmark DKK20.00
France FF5.50	France FF5.50	Finland Fmk18.00
Germany DM1.00	Germany DM1.00	Gibraltar G3.75
Greece Dr150	Hong Kong HK\$2.00	Hungary Ft240
India Ru50	Indonesia Rp1,000	Italy Lit1,000
Israel NIS1.00	Japan Yen100	Jordan JD1.75
Kazakhstan US\$4.50	Korea Won300	Latvia Ls2.00
Lebanon L.L.500	Lithuania Lt100	Luxembourg Ffr40
Malta Mlt2.00	Mexico MXN16.00	Netherlands Fln1.75
Nigeria Nn12.00	North Macedonia MKD20	Norway Nkr22.00
Poland Zl 100	Portugal Pte200	Qatar Qr13.00
Romania Lei13.00	Saudi Rsp340	South Africa R12.00
Sweden SEK2.00	Switzerland Sfr70	Taiwan NT\$20
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Thought for the day

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NEWS: INTERNATIONAL

Future EU central bank looks set to adopt monetary targeting

Duisenberg backs German model

By Wolfgang Münchau,
Economics Correspondent,
in London

The likely president of the future European Central Bank (ECB) yesterday came out in favour of Germany's approach to monetary policy, rejecting the UK method as lacking in transparency.

Mr Wim Duisenberg, head of the Dutch central bank, said the ECB should use monetary targeting, rather than inflation targeting, to determine interest policy.

His comments, in a speech in Maastricht, are the clearest indication yet of how Europe's central banking

establishment will react when confronted with choosing between the two systems in 1998.

The European Monetary Institute, forerunner to the ECB, tried to strike a balance when it recently refused to endorse one method over the other.

Under monetary targeting, a central bank looks at broad money supply as an indicator of future inflation. With inflation targeting, it forecasts rates by a variety of indicators, and sets interest rates to keep inflation within an agreed range.

Mr Duisenberg said yesterday that "the explicit use of

a variety of indicators poses a threat to the transparency and credibility of monetary policy, because there is then no immediate way of knowing which information has prompted interest rate decisions".

Most central banks use a combination of both methods in practice, but they usually adopt one as their official policy.

The targeting of broad money is thought to have worked well in Germany - at least until unification. In the UK, however, broad money targeting was blamed for the deep recession in the early 1980s. After sterling's

exit from the exchange rate mechanism, Britain moved over to inflation targeting, a method also used by central banks in Sweden, Finland, Spain and Australia.

In his speech Mr Duisenberg pointed towards recent research suggesting that the demand for money in Europe was sufficiently stable in several EU countries to allow the use of monetary targeting.

Such a method would have the additional advantage of being the preferred method of the German central bank, Mr Duisenberg said. "The continuity of monetary policy in Europe would be best

served by monetary targeting, the strategy applied for several decades already by the most successful central bank in Europe, the Bundesbank."

His comments reflect a preference in Germany, but also in the Netherlands, to have the future ECB modelled as closely as possible on the Bundesbank to maximise goodwill in financial markets.

The ECB itself is due to take key policy decisions next year on how it operates. The policies set then will also apply to countries that chose to join the single currency at a later stage.

Bank of England 'has gold of Nazi victims'

By Norman Cohen
in London

Britain's Foreign Office is preparing to release a report concluding that some gold seized from Nazi Germany and lodged at the Bank of England probably came from Holocaust victims.

Mr Malcolm Rifkind, the foreign secretary, last week acknowledged privately that the Foreign Office had already come to that conclusion. In a letter to Mr Greville Janner MP, chairman of the Holocaust Education Trust, he wrote: "Some of the gold found by the allies was in monetary form, including the gold holdings of the Reichsbank, which may indeed have included gold seized earlier from individuals."

The report reaches conclusions similar to those expected in a US study based on documents in American archives. Both are due for release in early April.

Officials from both countries are understood to have held informal talks about using a portion of remaining gold to compensate victims of Nazi persecution. However, several European governments would have to agree to relinquish a portion of their claim to the gold.

At the end of the second world war the allies seized all Germany's official gold and stored it at the US Federal Reserve Bank and the Bank of England.

Most has been returned to central banks looted by the Nazis. However, 3.5 tonnes at the Bank of England and 2 tonnes at the US remain to be restored to countries from which it was stolen. It is this which government officials are now considering distributing to Holocaust victims.

The Foreign Office report is expected to refer to correspondence in the late 1940s between US and UK officials concerned to separate so-called monetary and non-monetary gold found in Germany.

Monetary gold was that which could be proven to have been stolen from central banks in Nazi-occupied countries. Non-monetary gold was seized from individual Nazi victims.

Yesterday, the Holocaust Education Trust released a report based on documents similar to those used by the Foreign Office. It, too, concludes that gold bars bearing a Reichsbank stamp could have been made up of personal gold melted down.

It cites a US intelligence document of July 1945 which points out that 1,625 bars of "non-recognised" origin were among a group of other Reichsbank gold bars stored in a German salt mine during the war.

It also quotes documents showing that Bank of England officials tried hard to classify as monetary gold something which they knew it was not.

For instance, a bag of medals, plaques and tokens received in July 1948 was "in the Bank's private opinion not monetary gold in the sense they ever could have been currency", according to a letter from an official. However, the letter promises melting down the gold into "good delivery bars", arguing that "if the coins were carried on the books of the Reichsbank as monetary gold, they perhaps may be so considered".

INTERNATIONAL NEWS DIGEST

HK right of abode talks fail

Three days of talks between Britain and China failed to produce agreement on who should have right of abode in Hong Kong after July 1, leaving one of the single most important handover issues still outstanding. The dispute also threatens to rekindle controversy on the status of the Provisional Legislative Council appointed by China to replace the council elected under Governor Chris Patten's democracy reforms.

UK officials said technical discussion on rights of abode was almost complete, but a serious stumbling block had arisen over China's insistence that the implementing ordinance be passed by the provisional council, whose legitimacy Britain disputes.

Mr Zhao Jihua, China's chief negotiator, said the issue was ultimately an internal Chinese matter and should be solely decided by the incoming government appointed by Beijing.

Peter Montagnon, London

China buys \$100m satellite

China's government-run telecommunications company finalised a deal yesterday to buy a \$100m satellite from a subsidiary of US-based Loral Space and Communications. ChinaSat3 would provide video, data and digital voice services throughout China and was the most powerful satellite the Chinese government has bought, said Mr Robert Berry, president of Space Systems/Loral, Loral's satellite-making arm.

It is Loral's second deal with ChinaSat, or China Telecommunications Broadcast Satellite Corp, part of the Ministry of Posts and Telecommunications. ChinaSat agreed last year to serve as China's link for Globalstar, a low-orbit satellite network designed to provide telecommunications services to areas not covered by more conventional systems. Globalstar is a venture between Loral and US-based Qualcomm.

ChinaSat3 will be launched in 1998 and will replace ChinaSat1, a Hughes Space and Communications-built satellite that failed to enter its proper orbit in August after the Chinese rocket carrying it misfired. AP, Beijing

US-Vietnam military ties

The US and Vietnam yesterday cemented their first military ties since the Vietnam war ended in 1975, pledging to edge forward with a programme of low-key activities designed to chip away at decades of mutual mistrust.

Admiral Joseph Prueher, commander-in-chief of the US Pacific Command, said after meetings in Hanoi with the Vietnamese defence and foreign ministers that the two sides had reached "agreement in principle on the way ahead for military relations".

The US is keen to engage Vietnam in a military dialogue as it sees Hanoi as an integral part of maintaining security in a region where China is showing signs of diplomatic muscle-flexing. The visit comes amid tension between Beijing and Hanoi over Chinese oil rig drilling off the Vietnamese coast.

Admiral Prueher said he had received "strong support" from top Vietnamese officials for a continued US military presence in the Asia-Pacific region. Jeremy Grant, Hanoi

Air France strike postponed

Pilots of Air France, the state-controlled airline, last night postponed a strike threat originally scheduled for March 23-26. The timing of the threat was vital since it would have undermined the company's prospects of returning to break-even in its financial year ending March 31.

Mr Christian Blanc, chairman, earlier this week said Air France would break even this year, while making a solemn warning to the pilots. In the year to March 31 1996, Air France reported its first annual operating profit of the 1990s, but recorded a net loss of nearly FF3bn (\$626m) after provisions of FF2bn for a voluntary severance scheme and other measures. David Owen, Paris

EU to hit Burma trade

The EU has agreed to strip Burma of special trading privileges in response to concerns over Rangoon's human rights record.

Diplomats said the decision had already been cleared and would be rubber-stamped by EU foreign ministers at a meeting in Brussels on Monday.

The move follows recommendations by the European Commission to withdraw Burma's eligibility for so-called Generalised System of Preferences (GSP) trade benefits on agricultural and industrial products. The Commission has investigated complaints by international and European non-governmental groups that Burma was using forced labour to boost its exports.

It said Rangoon had refused to co-operate with the investigation. EU-Burma trade totals around Ecu4m (\$47m) a year. About a quarter of that is subject to lucrative GSP trade breaks. Reuters, Brussels

Taiwan shares fall sharply

Taiwan share prices plunged 3.09 per cent yesterday amid a widening scare over diseased pork which could lead to losses of US\$3bn. Taiwan's exports of pork to Japan, where people have a fondness for the island's "sweet-flavoured" pork, will be wiped out and may never recover. Pork is the only Taiwanese product to make headway in Japan - and the only product countervailing a roughly \$15bn trade imbalance in Japan's favour.

The government announced an export ban as it feared that Taiwan's hog industry could be decimated by an outbreak of foot-and-mouth disease, a highly contagious viral infection affecting domesticated and wild cloven-hoofed animals. The leading China Times newspaper yesterday reported between 3m and 4m pigs would have to be destroyed. Officials said this was the first big outbreak since the 1920s, when Taiwan was a Japanese colony. Laura Tyson, Taipei

THE HELSINKI SUMMIT

Russia swaps sabre-rattling for smiles and sound-bites

By John Thornhill
in Moscow

The Kremlin's commanding performance at this week's Helsinki summit has so out-classed the White House that President Bill Clinton yesterday jokingly accused the Russians of covertly employing subversive tactics.

At a break in "intense" negotiations, he complained to President Boris Yeltsin that his sleep the night before had been disturbed by vigorous pounding on the ceiling. "Boris, I thought you had hired an extra-large Finn to stomp on my roof," he said in a jesting reproach.

Although US aides said a hyperactive sauna was to blame for Mr Clinton's nocturnal serenade, the two presidents had reason enough to chuckle over a Slavic conspiracy.

Dismissed until a few weeks ago as little better than a corpse, Mr Yeltsin has made a vibrant return to the international stage, speaking clearly and without notes and moving freely. By contrast, Mr Clinton's normally ebullient public persona has been dimmed by the awkwardness of a wheel-chair and crutches, required after his knee injury last week.

Yet the White House, no mean practitioner of the black arts of public relations, has seemed oddly unperturbed by its defeat in the propaganda war, making little attempt to disguise Mr Clinton's temporary disability or to match the maiden efforts of the Kremlin's spin-doctors.

That insouciance may be because Washington is perfectly happy to concede a symbolic victory to Moscow. It suits the US for the Russians in Hel-

sinki this week to feel self-confident, even triumphant. That feel-good factor is the sugar coating of the bitter pill this summit has been designed to help the Kremlin swallow - the Soviet Union's defeat in the cold war.

In the west, that historical fact may seem like old news. But in Moscow it is only now, a few months before Nato's formal embrace of eastern Europe, that the political establishment is digesting the full political and strategic implications of the Soviet bloc's collapse seven years ago.

However, instead of focusing on the issue of Nato expansion, which Russian officials increasingly admit poses no real security threat, the Kremlin has gradually begun to turn its attention to the question of Russia's integration into the west.

"We do not perceive a growing military threat," conceded Mr Boris Beresovsky, deputy head of Russia's security council, during a break in the Helsinki negotiations. "The real issue for us is a principled choice the west must make: either we work with Russia, or we do not."

For the west, that is a hopeful approach. Kremlin sabre-rattling in the days leading up to the summit, including a demand that the US formally acknowledge the former Soviet Union as a Russian sphere of influence - left Washington with little room to negotiate.

But if Moscow can manage to switch from a bully's preoccupation with its neighbours to a more productive concern with defining its own place in the world, it will find ready partners in the

White House and other western capitals.

The US is eager to find common ground because, for the White House, this summit has been a carefully calibrated effort to avoid the diplomatic failures which followed this century's two "hot" world wars.

With its clearly expressed determination to forge ahead with Nato expansion, Washington has shown that, for now, its dominant desire is to undo the Yalta treaty at the end of the second world war, when eastern Europe paid for the allies' gratitude to Stalin with more than four decades of forced membership in the Soviet Union's empire. Yet the White House is also keen to avoid a second Versailles treaty - which humiliated Germany and created some of the preconditions for Hitler's rise to power - by assuring Russia that it will be included in the post-cold-war world order.

At least on a symbolic level, this summit has gone some way to achieving that goal. In Helsinki yesterday the Russians did not look like the hungry leaders of an aggrieved former superpower, bitterly planning their revenge. Instead, as they offered smiling sound-bites to western television crews and perused the welcoming Russian-language signs in Finnish shop windows, they looked more like happy converts to what was for them, until their recent strategic defeat, an alien way of life.

Christy Freeland
Matthew Kaminski



Victor Chernomyrdin: under fire in parliament yesterday

President Boris Yeltsin would complete the reshuffle on return from the summit in Helsinki.

However, he said that there would be no changes at Russia's "power ministries". It had been rumoured that Mr Igor Rodionov, the defence minister, would be sacked after earlier being fiercely criticised by Mr Yeltsin.

Russia to press on with reforms, says Chubais

By John Thornhill
in Moscow

Mr Anatoly Chubais, Russia's first deputy prime minister, yesterday vowed the reshuffled government would press ahead aggressively with economic reform, enabling it to pay off its huge backlog of debts to federal employees and pensioners and stimulate economic growth this year.

In the coal-mining town of Kemerovo in Siberia, Mr Chubais said the government would need "inhuman strength, relentless will, and supreme professionalism" to raise additional tax revenues to fulfil its budget obligations. "But the new government has all these qualities," Mr Chubais said.

His visit to one of Russia's most depressed industrial regions highlights the government's efforts to damp down worker unrest ahead

of next Thursday, when the trade unions have demanded mass industrial action to protest against late wage payments.

But the government's promises to pay outstanding obligations are beginning to unsettle the debt market, where yields have shot higher this week on fears of large new borrowing. Six-month Treasury bills are now yielding more than 36 per cent compared with 30 per cent at the beginning of the month.

The government will next week seek to raise up to Rb515,000bn (\$2.6bn) in a domestic Treasury bill auction, although a recent decision to lower mandatory reserve requirements for banks should ease some liquidity concerns.

The government has also been trying to borrow at cheaper rates abroad, but its plans have been complicated by the recent turbulence in the emerging markets debt market.

Earlier this month the Russian government launched its second sovereign eurobond issue, raising DM2bn (\$1.18bn) at 370 basis points over German bunds. It is talking about making another \$2bn bond issue later this year.

Mr Chernomyrdin said

Macedonia in shadow of pyramids

Tentacles of Albania's financial scams have gripped the country's neighbour

By Kerin Hope in Athens

The imprisonment of Macedonia's deputy central bank governor following the collapse of a private savings bank has highlighted the government's desperate anxiety to avert a crisis similar to that engulfing neighbouring Albania.

Mr Tome Nenovski, the deputy governor, was responsible for banking supervision at the National Bank of Macedonia. He was also alleged among a group of prominent businessmen and politicians in the former Yugoslav republic who borrowed at reduced interest rates from TAT, the private savings bank which collapsed on March 1.

Mr Nenovski was arrested last Thursday on charges of

abuse of authority after central bank investigators found extensive evidence of forgery at TAT's headquarters in the southern town of Bitola. According to Macedonian bankers, TAT is suspected of investing depositors' funds in pyramid schemes in Albania. Though its interest rates had fallen in the past few months, depositors were being offered gross interest of 5 per cent monthly in February.

Mr Borko Stanojevski, the central bank governor, told parliament this week that some 10,000 depositors in TAT might have lost a total of about DM40m (\$24m). Macedonian savers are thought to have lost several million D-Marks in the collapse in February of three other pyramid schemes operated by Alfa-S, a small savings bank based in Skopje, and two private Macedonian companies.

The Macedonian losses are small by comparison, with an estimated \$1bn of household savings wiped out in the Albanian schemes' collapse which has plunged the country into political chaos. But the bankruptcy of TAT, one of the biggest of some 20 private savings banks set up since Macedonia broke away from the collapsing Yugoslav federation five years ago, has dealt a blow to the governing Alliance for Macedonia coalition. It has also further undermined confidence in the country's fragile financial institutions.

TAT's director, Mrs Sonja Nikolovska, had developed close ties with the govern-

ment since founding the bank in 1993. She was elected a city councillor in Bitola at last October's local elections with the ex-communist Social Democrats, the senior coalition partner.

She grew hugely popular in southern Macedonia because of TAT's policy of offering higher interest on deposits to pensioners, redundant workers and students, and was voted Macedonia's "most successful manager" last year in a government-sponsored poll.

The investigation has revealed, however, that Mrs Nikolovska was convicted of forgery while a junior official at Jugobanka, the former federal state bank. This has raised questions about the central bank's willingness to allow her to

run a financial institution. TAT was among a group of private savings banks given licences in the early years of Macedonia's transition to help support newly established private companies while the loss-making state banks were being restructured. The initial capital requirement for setting up a savings bank was only DM150,000 (\$88,600), later raised to DM300,000.

Macedonian savers still avoid using the state banks after losing a total of \$1.2bn in foreign exchange deposits kept in Belgrade after independence. The central bank estimates that Macedonians now hold about \$1bn of their savings in cash, usually in US dollars or D-Marks kept in their homes or in safe deposit boxes at banks.

CALL FOR EXPRESSIONS OF INTEREST IN PURCHASING THE ASSETS OF "GREEK INDUSTRY OF READY MADE GARMENTS ROCANAS BROS S.A." OF ATHENS, GREECE

ETHNIKI KEPHALOEU S.A., Administration of Assets and Liabilities, of 9a Chrysomilodistis St., Athens, Greece, in its capacity as Liquidator of "GREEK INDUSTRY OF READY MADE GARMENTS ROCANAS BROS S.A.", a company with registered office in Athens (Attica), Greece, (the "Company"), presently under special liquidation according to the provisions of article 466 of Law 1892/1990, by virtue of Decision No. 5217/96 of the Athens Court of Appeal invites interested parties to submit within twenty (20) days from the publication of this call, non-binding written expressions of interest in purchasing the assets mentioned below, offered as a single entity.

BRIEF INFORMATION

The Company was established in 1970. On 28.5.96 it was placed under special liquidation. Its activities included the production, importation and sale of ready-made garments both in the domestic and in foreign markets.

ASSETS OFFERED FOR SALE

The assets offered for sale include a plot of land in the Municipality of Alimos (4. Ancient Theatre Street), the area of which originally amounted to 7,663.4 sq.m., having been reduced to approximately 6,543.25 sq.m. following expropriation, a plant consisting of a building of approx. 2,133.94 sq.m., ground floor of approx. 4,090.66 sq.m., and first floor of approx. 4,090.66 sq.m., machinery, mechanical equipment, a car, a van, the Company's registered trademark, receivables and any other assets as may be found to belong to the Company. It should be noted that the Company plant is leased out to third parties.

SALE PROCEDURE

The Company's assets will be sold by way of Public Auction in accordance with the provisions of Article 466 of Law 1892/1990, (as supplemented by art. 14 of Law 1200/1991 and subsequently amended) and the terms set out in the call for tenders for the sale of the above assets, to be published in the Greek and foreign press on the dates provided by law. (This is the third auction to take place).

SUBMISSION OF EXPRESSIONS OF INTEREST - OFFERING MEMORANDUM

For the submission of Expressions of Interest and for obtaining a copy of the Offering Memorandum, please contact the Liquidator, "ETHNIKI KEPHALOEU S.A." Administration of Assets and Liabilities, 9a Chrysomilodistis St., Athens 10560 GREECE. Tel: +30-1323.14.84 - 87 fax: +30-1-321-7905 (attention Mrs Maria Frangoulis).

FINANCIAL TIMES

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مختار من الاموال

NEWS: UK

Californian Names protest as ministers dismiss judges' decision as 'erroneous'

US ruling on Lloyd's attacked

By Christopher Adams in London and John Authers in New York

The UK government has written to a Californian appeals court attacking a decision which allowed US investors in Lloyd's of London to sue the insurance market under US securities fraud and racketeering legislation.

Its action prompted a storm of protest from some US Names - individuals whose assets have traditionally supported the insurance market - who are continuing to fight the market in the courts.

The Names allege they were defrauded by being placed on syndicates which reinsured asbestos and toxic waste claims, or had a heavy concentration of risks. They say Lloyd's knew the syndicates carried big losses but did not disclose them. The ruling in the US appeals court reversed an earlier decision by a district court which dismissed the Names' claims that they should be

able to sue Lloyd's in the US. It was an unwelcome embarrassment to Lloyd's, which has appealed. The centuries-old insurance market is trying to rebuild an international reputation besmirched by the legal and financial problems of its recent past.

Mr Anthony Nelson, a UK minister for trade, described as "erroneous" the view expressed by two of the three judges presiding over the case that Lloyd's was a "business corporation" and subject to the rules of normal international commerce. "The business of insurance at Lloyd's is carried on by the members (Names) and not by the corporation," he said. He added that Names wanting to litigate would "receive fair, unbiased and speedy justice in English courts".

But the California-based American Names Association, which is backing the legal action as part of a continuing campaign against Lloyd's, dismissed Mr Nelson's comments.

Mr Richard Rosenblatt, a representative of the association, said: "I don't think the courts will look kindly on the interference by the British government in domestic matters of the US. They have done their own cause more damage than good."

The association, which will be holding a street demonstration in New York next week, continues to allege fraud and to attack the system of self-regulation at Lloyd's.

The appeals court made no judgment on the facts. It said clauses in contracts signed by Names - agreeing that complaints should be handled by English courts - should be voided because they violated US law.

"A plain, speedy and adequate remedy for the wrongs alleged by the plaintiffs is not shown to exist in Britain," the court said in its original judgment, which also described Lloyd's as "a business corporation so powerful that it has obtained from the British legislature substantial immunities".

This is not the first time the UK government has intervened in litigation against Lloyd's. It wrote a letter supporting the insurance market last August, when the success of a plan to reinsure more than £2bn (\$2.7bn) in losses suffered by Lloyd's from 1988 to 1992 was threatened by a court ruling in Virginia.

On this occasion, Lloyd's is hoping that Mr Chuck Quackenbush, California's own insurance commissioner, will come out on its side. Mr Quackenbush was unavailable for comment yesterday.

Lloyd's has filed for a rehearing of the case which was originally brought by 574 Names. It wants a bigger panel of judges involved and is prepared to go to the US Supreme Court if necessary.

The insurance market yesterday denied in an English High Court separate allegations that it had committed fraud by recruiting new members while hiding knowledge of its losses.

Rail cuts trigger attack on privatised companies

By Charles Batchelor, Transport Correspondent

The revelation this week that a second train operator has had to cancel services because of a shortage of drivers has prompted renewed criticism of rail privatisation.

Train operators should have begun delivering benefits to passengers. But there are signs that the new entrants to the industry - in particular, the bus companies - do not know how to run a railway.

Regional Railways North East, now run by MTL Trust, a northern England bus operator, was forced to cancel dozens of trains when a new drivers' agreement, which cut 83 jobs, took effect on March 2. "Privatisation has only just started on the north's local rail services and already the chaos has begun," said Mr Keith Hill, secretary of Save Our Railways.

News of North East's difficulties came just five days after South West Trains, owned by the Stagecoach bus group, was threatened with a £2m (£1.6m) fine, on top of penalties of up to £1.5m, for cancellations also brought about by driver redundancies.

SWT, which runs trains from London's Waterloo station to much of southern England, has been cutting 39 trains a day since mid-February after misjudging the effect of shedding 70 drivers. It underestimated the need to train remaining drivers to take over different routes.

The common factor driving productivity deals is the need for the new operators to manage sharply declining levels of state subsidy over the lives of their seven to 15 year franchises.

SWT and North East were both implementing wage deals originally negotiated by the national state network. Stagecoach, which took over the SWT franchise in February 1996, began implementation of the state deal at an earlier stage. It underestimated the training requirements for drivers and did not leave enough leeway in its calculations for sickness, seasonal requirements and opposition to the arrangements from some drivers.

MTL this week blamed its difficulties on the agreement negotiated by the state operator, which took effect just two hours before it took over the north-east network. This led to 83 drivers leaving the company.

SWT and North East have proved the exceptions among the new owners, which have in general handled the transition smoothly. National Express, the former state bus operator, said this week it had reduced staff numbers at Gatwick Express and Midland Main Line by a fifth without losing services. But critics of privatisation argue that cost-cutting pressures will increase as government subsidies decline.

"Sleaze" row, Page 6

UK NEWS DIGEST

Status reform for steelworkers

British Steel yesterday outlined plans to offer its blue-collar workers the same employment conditions as white-collar staff, ending decades of discrimination. Under proposals set out to trade union leaders, manual workers may no longer be required to clock in, they could be paid monthly salaries instead of weekly wages and they could be granted longer holidays and better sick pay terms. In return workers will be asked to adopt more flexible working practices which will save the company money. The programme was welcomed by the ISTC, the main steelworkers' union, which said: "We are delighted and surprised. The ISTC has been pushing for single status for 20 years." The proposals are a key element of British Steel's latest efficiency drive under which the rate of job cuts will be accelerated to help drive down costs. The company expects the proposed changes will cost £35m (£35m) a year for the next five years.

Simon Wiggall

EUROPEAN LEISURE

Appeal court jails former directors

Two former directors of entertainment group European Leisure who were convicted of fraud in 1995 were jailed yesterday after the Court of Appeal ruled their original sentences - of 220 hours of community service - were too lenient. Mr Michael Ward, the former chairman and chief executive, was jailed for two years and disqualified from being a company director for seven years. Mr Jeffrey Howarth, the former finance director, was jailed for 20 months and disqualified for five years.

Their case is the first involving a big fraud in which Sir Nicholas Lyell, the attorney general, has used his power to ask the court to increase a sentence. Mr Ward and Mr Howarth were both convicted of illegally inducing the European Leisure share price during the 1990 takeover of Midsummer Leisure, a rival entertainment group. The share support operation was financed with money stolen from European Leisure.

John Mason

FILM

112m cinema tickets sold last year

The dearth of Christmas blockbusters led to a fall in cinema attendance during the final quarter of 1996 when 24.5m tickets were sold, 6 per cent fewer than in the same period of the previous year. But the popularity of last summer's big budget Hollywood movies - *Independence Day*, *Mission Impossible* and *Twister* - ensured that the total number of admissions in 1996 was higher than in 1995. Some 112.1m cinema tickets were sold last year, the National Statistics Office reported yesterday, an increase of nearly 16 per cent over 1995. Cinema operators say that the first quarter of this year has followed a similar pattern to the final quarter of 1996. The market is expected to revive as a number of Hollywood movies and acclaimed pictures open. The reissue of *Star Wars*, which earned \$100m (£82.8m) in its first three weeks in the US, opened in the UK yesterday.

Alice Rossington

CARMAKERS

Big rise in output for export

Car production last month increased by 5.1 per cent, continuing the steadily upward trend of recent years on the back of stronger demand and the impact of new Japanese factories in England. Output in February climbed to 145,892 vehicles, stimulated by a 20 per cent jump in production for export, which rose to 38,424. Output of commercial vehicles increased by 1 per cent year on year to 20,865 units, with production for sale in other countries falling by 10 per cent to 9,555. Mr Ernie Thompson, chief executive of the Society of Motor Manufacturers and Traders, said: "The pattern of strong export demand and relatively weak domestic demand seen throughout last year is continuing."

Hoag Simons

BCCI COLLAPSE

Jury retires in Gokal trial

The jury in the London trial of Mr Abbas Gokal, the former chairman of the Gulf Group shipping conglomerate who is accused of fraud over the collapse of Bank of Credit and Commerce International, retired yesterday to consider its verdict. The prosecution has alleged Mr Gokal conspired with senior BCCI staff to obtain illegal loans totalling \$1.2bn from the bank. Giving evidence, Mr Gokal said his company was a victim, not a perpetrator of the BCCI fraud. The jury will resume deliberations on Monday.

John Mason

COMPUTER SECURITY

Hacker, 19, entered USAF system

A 19-year-old computer enthusiast who hacked into the US Air Force computer system from his bedroom "as a schoolboy prank" was fined \$1,500 (£900) by magistrates in London yesterday. His lawyer said afterwards: "It was not his fault that security systems in the computing and defence industries left something to be desired."

Mr Richard Pryce from north London gained access in 1994 to the US military computer network from a PC he had bought on credit from a neighbourhood store.

THOMAS THE TANK ENGINE

Children's author dies aged 85

The Reverend Wilbert Awdry, who died yesterday at the age of 85, brought pleasure to millions of children with his *Thomas the Tank Engine* books. The "Puff-Buff Parson" little expected that the stories he began to write when his son Christopher caught measles at the age of 3 would spawn a brand known around the world. Mr John Halloran, chief executive of Reed Books, the publisher of the series, said he could not put a price on the brand, but said it was "very lucrative and hugely valuable". Last year, Britt Allcroft, which has the television and merchandising rights, was offered on the stock market with a value of £20.6m (£48m).

Maggie Urry

How soccer teams up with trade unionism

Mr Gordon Taylor is not a typical trade union leader. The chief executive of the Professional Footballers Association is paid a package worth \$200,000 (£477,000) a year - more than any of his counterparts in the Trades Union Congress, including those who lead much bigger unions.

His union also represents the likes of Alan Shearer, the Newcastle and England striker who earns something like £2m annually.

With a membership of nearly 4,000, including 1,361 trainees, the PFA speaks for practically all of England's professional players, from international superstars to obscure stalwarts in the lower leagues who earn a hundred times less than their more famous fellow trade unionists.

Mr Taylor, himself a former player, insists that his members have much in common with other trade union members. "They'll have the same problems if they are faced with an injury and a job when they finish playing - it is an average eight-year career. We lose 50 players a year through permanent injury. They have the same

problems of coming to terms with life outside football. We need to train them all for the future.

If this sounds rather paternalistic, that could be because the PFA's management committee is made up of seasoned professionals well aware that a player's glory days do not last for ever.

The PFA is a joint trustee - with the Football League and FA Premier League - of the players' pension scheme and financially supports projects providing medical insurance and equipment. It also funds community development programmes, youth training, drug awareness and anti-racism campaigns.

The organisation can dispense so much largesse because it enjoys considerable revenues from television.

Last season it received fees totalling £2.5m from satellite and terrestrial broadcasters - more than half its total income of £4m.

The PFA also sits with employers on the Professional Football Negotiating Committee, which meets four times a year and discusses all aspects of the players' conditions. "It has proved a very effective collective bargaining agreement," says Mr Taylor. Yet relationships with the employers are not always cosy. The PFA receives its television cash under a long-standing agreement that waives payments to players in exchange for the association receiving a cut of revenues.

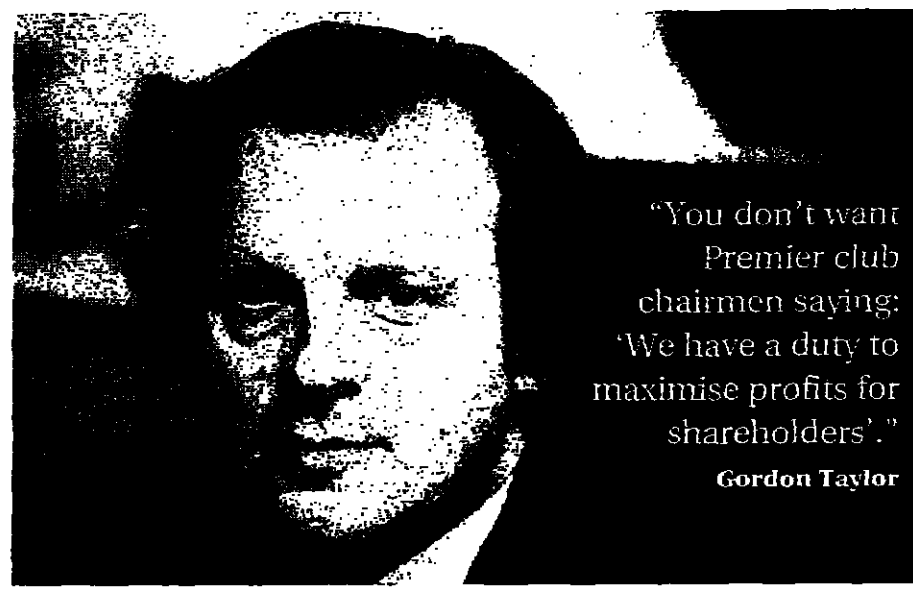
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the association promptly organised a strike ballot. Still, the PFA remains an unusual union. Last season it gave loans "to help with temporary cashflow problems to protect players' wages" to five clubs. Mr Taylor acknowledges that not many unions can afford to prop up failing employers, but has no qualms about doing so. "We feel we should keep the dream factory alive."

The present structure of 92 clubs in England is sustainable, Mr Taylor believes, but he says it is going to be extremely difficult without bigger subsidies from the strong to the weak.

He is concerned by the implications of the recent television deals, which gave £200m a year to the 20 Premier League clubs, but only £25m between the other 72 Football League clubs.

"You don't want Premier club chairmen saying: 'We have a duty to maximise profits for shareholders'," Gordon Taylor



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PM's election effort marred by 'sleaze' row

By John Kampfer, Chief Political Correspondent

Mr John Major, the prime minister, last night ended a disastrous first week of the six-week general election campaign struggling to shake off damaging new accusations of "sleaze" against Conservative MPs.

He dismissed as "total and complete junk" allegations in *The Guardian* newspaper that he had known for 10 days suggestions that Mr Tim Smith, a junior minister at the time, had taken cash

from Mr Mohamed Fayed, owner of the Harrods store in London. The independent commissioner for standards, Sir Gordon Downey, attacked the newspaper for what he called selective leaking, which went against "the interests of natural justice", of evidence considered by his inquiry.

The allegations provided the latest and potentially most serious twist in the long-running "cash-for-questions" saga which has dogged Mr Major's government.

Conservative strategists acknowledged that the row surrounding Mr Major's decision to close down parliament yesterday - days before Sir Gordon's report was due to be given to a parliamentary committee - had undermined the beginning of their campaign.

"This has cost us several days' good publicity on the economy," said a senior aide to Mr Major.

The Conservatives called into question the conduct of Mr Tony Blair, the opposition Labour leader, in focusing on "sleaze". Mr Michael Heseltine, deputy prime minister, accused him and the editor of *The Guardian* of "operating in tandem".

With opinion polls showing ever-bigger Labour leads, senior Conservatives conceded that Labour's ability to hijack the daily agenda had further damaged the morale of local activists.

A heavy crop of legislation yesterday became law, just hours before parliament was suspended ahead of the general election.

During the ceremony of royal assent, in the House of Lords, the name of the bill is called, and is followed by a

statement of the Queen's pleasure in medieval French. In spite of the formal atmosphere, ministers gave an audible sigh of relief as two battle-scarred law and order packages received approval.

The controversial crime bill has been heavily amended by Labour, with the government conceding greater judicial discretion in stiffer sentences for repeat offenders. Similarly, the police bill now requires prior judicial authorisation for police surveillance bugs.

"Sleaze" row, Page 6

Flexibility holds key to future of shipbuilder

Harland and Wolff, the Northern Ireland shipyard which recently shifted from standard offshore oil and gas sector, is having to adjust its work practices to this new environment.

In what is believed to be the first deal of its kind in the UK, the company - based in Belfast, the Northern Ireland capital - has entered a two-year contract with Randstad of the Netherlands, Europe's biggest employment services company. It means that workers at H & W, temporarily made redundant, will be found jobs with other companies in Europe.

The move aims to iron out personnel problems associated with the unpredictable nature of the offshore business, in which contracts

subcontracted to employers in mainland Britain and Europe. The strategy avoids the cost and disruption of having to pay redundancy and then having to rehire.

Randstad places around 150,000 people every day, using its 900 branch offices around the world. The company believes this is likely to be the pattern of future labour markets, as companies cut down their core workforce and rely on contracted skilled labour. "Lifetime employment doesn't exist any more; people will have to realise it is not the company you are with, but the skills you have that are important," says Mr Hans Van Geenhuizen, director of Randstad's technical division in Amsterdam.

The success of H & W's move away from standard ship construction will be underlined next month when the company is expected to declare a small annual profit after losses in each of the past three years. But the need for greater labour flexibility has also been underlined.

Last week, in the first big redundancy announcement since the company was privatised in 1989, H & W warned of a possible 280 job cuts, issuing statutory notices which gave trade unions and management 90 days to agree terms.

Last summer, H & W experienced a sudden rise in demand for skilled steelworkers as it completed hull construction and fabrication work on the £400m (£368m) floating production vessel for British Petroleum. Randstad supplied 600 temporary employees, mostly English and Scottish.

"Randstad helped us fulfil our order books last summer; now we're asking them to help us out of a dip in activity," said Mr Per Nielsen, chief executive of H & W.

H & W employs around 1,750 people, with a further 500 on subcontract work. The company said there has been a strong response from the unions. But Mr George Rose, an official with the GMB union, says it is difficult for the workforce to cope with the sight of subcontracted workers being taken on while permanent staff are being laid off.

John Murray Brown

Lawyers heartened by tobacco settlement in US

By John Mason, Law Courts Correspondent

The decision by Liggett, the US tobacco company, to settle claims against it improves the chances of successful litigation against UK cigarette manufacturers, lawyers acting for lung cancer sufferers claimed yesterday.

Despite the outcome of the Liggett action, the main test case being brought in the UK is set to go all the way to court. But lawyers acting for smokers suing Imperial Tobacco and Gallahers argued the Liggett example

would damage the manufacturers' case. The Liggett case - in which the company admitted that tobacco is addictive - would change the climate of opinion away from the companies and make it easier for judges to rule against the industry, Mr Martin Day, solicitor acting for the smokers said.

"What are seeing is the crumbling of the resolve of the tobacco companies," he added. "Liggett's statement will put pressure on the other companies." The legal action in the UK differs considerably from those in the US. In the US, 22 states are suing the manufacturers for the cost of

treating smoking-related illnesses. In the UK, the action is being brought by individual claimants represented by "no win-no fee" lawyers. The claimants are arguing the tobacco companies failed to comply with a duty to minimise risk to consumers by reducing tar levels in cigarettes when the link between tar and cancer became clear in the late 1950s. The trial is expected to come to court in 18 months to two years. With the cases being so different, it is likely the Liggett case will be of limited relevance in a strict legal sense.

However, Mr Day said that much will

depend on the content of confidential documents due to be released by Liggett until other tobacco companies won a temporary injunction preventing this. Some of the documents could refer to discussions between companies about sensitive legal issues in the case.

Gallahers refused to comment on the outcome of the Liggett case but a spokesman said the company would continue to defend itself in the UK case. Imperial Tobacco refused to comment.

Old Names, Page 7; Lex, Page 24

APPOINTMENTS

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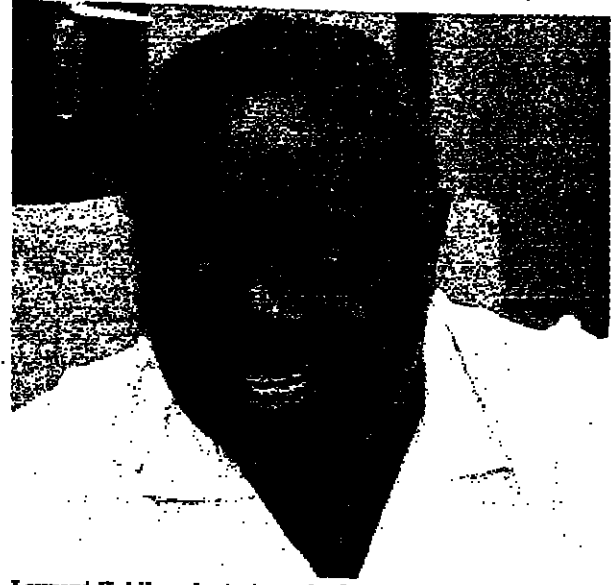
Zaire rebel's 30-year wait for recognition

By Michele Wong in Nairobi

There was a telling moment during the press conference Zaire's rebels staged to announce the weekend capture of the town of Kisangani. A journalist asked whether their leader considered the fact that a UN envoy had flown to Goma to meet him a sign his movement had won international recognition.

Mr Laurent Kabila, head of the Alliance for Democratic Forces for the Liberation of Congo-Zaire (ADFL), hesitated and turned to one of his aides as though to ask: "What do I think?" It was the aide who delivered the polished response - what mattered most was recognition by the Zairean people, not the international community.

The exchange was revealing because, ever since the uprising exploded in the east five months ago, analysts



Laurent Kabila: adept at manipulating the western media

have been pondering to what extent Mr Kabila is his own man, to what extent the instrument of the Ugandan and Rwandan governments.

ing for the downfall of Zaire's President Mobutu Sese Seko. So it is hard to believe his sudden success after decades of obscurity is not the result of some vital new ingredient - whether weapons, funds, advice or brainpower - being added to the revolutionary mix.

When the ADFL launched its campaign in the hills south of Uvira, Mr Kabila was regarded by fellow Zaireans as a puppet of Rwanda's Tutsi regime. A native of Zaire's Shaba province, he had been chosen, they argued, so the ADFL could present itself as something more than a mono-ethnic movement committed to protecting Zaire's threatened Banyamulenge Tutsis.

But, since then, the man has acquired a stature of his own. In east Zaire he has proved adept at manipulating the western media and ensuring a "clean" image of the civil war is presented to the world. Cheerful and

President Mobutu Sese Seko's aircraft landed in Zaire's capital yesterday but the veteran leader did not immediately appear, causing considerable confusion about his state of health. Reuter reports from Kinshasa, Mr Mobutu, who has just had fresh cancer treatment, left France earlier in the day aboard a

easy-going, he shows an instinctive ability to communicate with crowds who wait for hours to be addressed by "Mr President", almost always clad in a safari suit and tennis shoes.

Few guerrilla leaders have waited longer for such recognition. In the 1980s he was already working against the Kinshasa regime as a disciple of Mr Pierre Mulele, a Chinese-inspired Marxist and acolyte of former prime minister Patrice Lumumba.

After Mr Lumumba's assassination, the two men

private jet to try to salvage what remains of his authority in Zaire in the face of relentless rebel advances. A welcoming committee of senior military men and members of the government waited for about 20 minutes to greet him before withdrawing. It was later asked to go to his official residence to wait.

But if he had vanished from public view, Mr Kabila was still campaigning, traversing Africa to meet former Tanzanian president Julius Nyerere and forge ties with Uganda's President Yoweri Museveni. "My long years of struggle were like spreading fertiliser on a field," he says. "Now it is time to harvest." Then in October 1996, as Zaire's army cracked down on the Banyamulenge, came the formation of the four-party ADFL.

Despite his age, Mr Kabila has proved surprisingly adaptable. Marxism, bound

party (PRP), which based itself near Uvira in the mountains west of Lake Tanganyika. There the party set up a state within a state, funding its activities through ivory trading and gold production. The rebels briefly grabbed the headlines when they kidnapped four American students in 1974, swapping them for captured PRP members.

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to scare western governments and possible investors, has been abandoned in favour of free-market policies. Many changes, diplomats say, may be the work of well-educated, well-funded Zaireans returning from exile to join the movement.

His stated aim of marching on Kinshasa no longer seems entirely risible, but Mr Kabila faces the formidable task of building a new state from the ruins of the old. The getting-by society. Weekend FT, separate section

Pakistan to cut taxes and tariffs

By Fathim Bokhari in Islamabad

Pakistan is planning next week to slash its import tariffs and cut corporate and personal taxes by a substantial margin, in a renewed effort to seek fresh credits from the International Monetary Fund for its troubled economy. The cuts will be unveiled in an economic reform package, due to be announced by Mr Nawaz Sharif, the prime minister.

The package follows yesterday's departure of an IMF mission from Pakistan at the end of week-long discussions over the future of a \$331m standby loan agreement. Pakistan officials said the government and the Fund agreed to suspend the standby loan but decided to consider replacing it with a longer term agreement if the country could introduce fresh reforms. Although the worth of the proposed loan was not made public, it is understood to be at least \$1bn.

An official announcement from the finance ministry said: "The IMF mission welcomed the government's intention to move forward on a bold programme of structural reforms." Pakistani officials said Islamabad was anxious to avoid uncertainty in international markets which would make it hard for the country to raise some of the \$2bn it needs by June for debt repayments. One official said Mr Sharif "had decided to play for high stakes rather than indulge in piecemeal reforms. He would unveil a substantial package in one go."

Although the government gave no indication on the extent of the tariff cuts, the official said that they might be in the 10-20 per cent range and would represent one of the largest cuts in one go.

Pakistan's tariffs of up to 35 per cent have been the source of criticism from the country's western lenders, which are convinced that high tariff barriers give unnecessary protection to industry.

Tax rates of 33.5 per cent for personal income and 35 per cent for corporate income were also planned to be lowered but the government had not decided the extent of the cut, added another official.

Mr Sartaj Aziz, finance minister, defended the decision to abandon the standby agreement before its completion in September, and said Pakistan needed a broad package to revive its economy and increase imports rather than work towards only short-term stabilisation of the economy. "The standby agreement, in our view, was based primarily on stabilisation measures," he said.

Independent economists and businessmen, however, said the government's agreement to a new deal came after it became clear that Pakistan might fail to meet the Fund's condition of reducing its budget deficit to 4 per cent of gross domestic product this year, which might cause a suspension of the standby agreement.

The prospect of an IMF loan suspension would have created turmoil. Sharif's proposed reforms may also come turned but at least he has a chance to win if they work," said one leading businessman in Karachi last night.

Memorandums of understanding are being misused

Malaysia targets companies that break overseas promises

By James Kynge in Kuala Lumpur

Authorities took aim this week at an unusual Malaysian problem: the large number of overseas business ventures that local companies promise to undertake but secretly have no intention of pursuing.

The trait of signing memorandums of understanding (MOUs) abroad and then doing nothing to follow them up has become commonplace enough for one or two prominent local businessmen to have earned such nicknames as "Mr MOU".

The phantom MOUs appear for a variety of reasons. Some unscrupulous businessmen obtained them to sell on to others for a profit, Mr Abdullah Badawi, the foreign minister, said.

"These companies try to hawk the projects off to other companies here, and when they are unsuccessful the MOUs are not fulfilled," Mr Abdullah told journalists. Neither he nor other officials would name the offending Malaysian companies.

In other cases the memorandums are

signed with a view to boosting share prices on the Kuala Lumpur Stock Exchange, where good news - even if it is quite superficial - often triggers a buying spree. The fact that the proposed ventures are in foreign countries with which Malaysians have little familiarity does not seem to damp down enthusiasm.

A third reason for the MOUs, officials said, was a misdirected desire among some businessmen to find favour with Malaysian leaders through pro-active overseas initiatives. The government has for some years been urging local companies to diversify abroad.

The result, however, has been that of 363 MOUs signed by local companies with foreigners, 174 are not being implemented. This includes 41 out of 103 signed in China, three out of 11 in Cambodia and Laos, 41 out of 41 in Vietnam, five out of 23 in the Philippines and many more in other countries, according to official figures.

Of course, some of the undertakings fall through because of the attitudes of foreign partners.

Ms Rafidah Aziz, minister for international trade and industry, said that the unfulfilled MOUs threatened to tarnish Malaysia's image.

"Some [businessmen] signed in front of me or the prime minister [Dr Mahathir Mohamad] or other heads of government. If the agreement or MOU fails, it will obviously give a bad image to the country," Ms Rafidah said.

The government recommended that authorities in foreign countries should check the credentials of potential Malaysian investors with the nearest Malaysian diplomatic mission.

At home, the stock market's watchdog body has also been taking steps to ensure that investors are not duped.

The Securities Commission last October began its first prosecution of a company for allegedly making misleading statements to the stock exchange.

The boss of Neppo, a local timber and gaming company, is charged with publishing a profit forecast which assumed earnings from an overseas gaming licence which had not been granted.

N Korea needs 1m tons of food to avoid famine

By Peter Montagnon, Asia Editor

North Korea is weeks away from running out of food and needs an extra 1m tons of grain to prevent its people suffering widespread famine, a senior United Nations official said yesterday.

Public rations of rice have already been reduced to 100 grammes daily, equivalent to just 350 calories, which is simply not enough to survive on, Ms Catherine Bertini, executive director of the UN World Food Programme, said in the bleakest assessment yet of North Korea's food situation.

Ms Bertini, who has just returned from Pyongyang, said that even in food-producing areas in the south she saw school-children displaying symptoms of malnutrition: red-tinged hair, distended stomachs and skeletal limbs.

Korean officials told her that in the north, from

which UN officials have hitherto been denied access, the population was eating ground up stalks of maize and rice which had no nutritional value. Cases of intestinal bleeding had proliferated as people started to consume tree bark.

"This is famine in the making," she said. "By the summer the situation is going to be very dire."

While the outside world had been aware of food shortages in North Korea for some time, there was growing evidence that the government was becoming desperate, she said. Korean officials had begged her to ask the US to speed up previously agreed aid shipments that were due to arrive in May. They said they needed the rice in April.

Pyongyang was also seeking maize and wheat, which is not a staple food but a cheaper source of nourishment than rice. Even army rations had been reduced to

700 grammes of rice a day, which is not enough for an active soldier.

There was no sign of law and order breaking down as a result of food shortages, Ms Bertini said, but the country needed an additional 1m tons of grain this year on top of what was currently expected from official and private donors.

The UN is launching an appeal for 100,000 tons on top of a similar appeal last month. The February appeal had met a good response, with commitments reaching around half the \$41m target. The UN would monitor the distribution of the resulting shipments.

But the 1m tons would have to come bilaterally from governments, many of whom had resisted giving aid to Pyongyang because of fear it would be diverted to the military. Ms Bertini said she was not currently hopeful that it would be forthcoming.

Chicago's O'Hare tops world airport rankings

By Michael Sipapinker, Aerospace Correspondent

Chicago's O'Hare retained its position as the world's busiest airport last year, handling 69.1m passengers, according to Airports Council International.

Atlanta remained in second place with 63.3m passengers. Atlanta's passenger numbers were up 9.7 per cent on 1995, compared with growth of only 2.5 per cent at O'Hare.

Los Angeles was in third place with 57.9m passengers. London's Heathrow was the fourth busiest airport with 56m passengers, followed by Dallas/Fort Worth with 55.1m.

The remaining airports in the top 10 were Tokyo, in sixth place, with 46.6m, San Francisco (39.2m), Frankfurt

(38.8m), Seoul (34.7m) and Miami (33.5m).

The Geneva-based ACI, which represents airports in 150 countries, said preliminary data showed that total passenger numbers last year grew by 6.1 per cent to 2.5bn.

Mr Paul Behnke, the council's director of economics, said strong passenger growth in December of 8.3 per cent helped lift the annual traffic increase above the 5 per cent predicted by many forecasters.

The increase in the number of aircraft movements was far smaller at 1.7 per cent, reflecting airlines' increased use of larger aircraft.

The fastest growing region was Asia-Pacific, where passenger numbers were up 6.9 per cent to

377.4m. North America, the world's biggest aviation region, showed the second highest level of growth, with passenger numbers up 6.3 per cent to 1.2bn.

European air traffic was up 6.2 per cent to 733m. Africa rose 4.8 per cent to 29.2m and the Middle East was up 5.2 per cent to 45m.

The slowest growing region was Latin America and the Caribbean where passenger numbers rose by only 1.6 per cent to 87.3m.

Mr Behnke said Latin America had been held back by disappointing growth at Mexican and Venezuelan airports.

World cargo traffic grew 5.9 per cent. Cargo traffic grew by 5.7 per cent in North America, 6.5 per cent in Asia-Pacific and 4.5 per cent in Europe.



A PNG corporal points a pistol at a fellow soldier he accused of being disloyal to Gen Jerry Singrok, the army chief who was sacked for attacking the deployment of mercenaries.

MERCENARIES PULL OUT OF PNG

Dozens of African mercenaries hired by Papua New Guinea to put down an island rebellion headed home yesterday, leaving behind them a nation in turmoil and a stand-off between army and government, Reuter reports. As police clamped down on fresh unrest, about 50 mercenaries flew out of Port Moresby - soldiers they were meant to have fought alongside.

The crisis kept Papua New Guinea's neighbours on guard. Australia said it had put its troops on increased readiness in case the crisis worsened. Australian radio said that among the departing mercenaries was

retired British colonel Tim Spicer, a former senior UN peacekeeper in Bosnia who is now chief executive of British military consultancy Sandline International.

"They wanted to go home. As far as they are concerned the adventure is over for them," said Major Walter Enuma, the soldier in charge of expelling the mercenaries.

On the fifth day of the crisis, protests spread to the country's main university and the provinces. Police prevented street violence in the capital after dozens were injured in looting raids on previous days.

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NEWS: UK

Californian Names protest as ministers dismiss judges' decision as 'erroneous'

US ruling on Lloyd's attacked

By Christopher Adams in London and John Authers in New York

The UK government has written to a Californian appeals court attacking a decision which allowed US investors in Lloyd's of London to sue the insurance market under US securities fraud and racketeering legislation.

Its action prompted a storm of protest from some US Names - individuals whose assets have traditionally supported the insurance market - who are continuing to fight the market in the courts.

The Names allege they were defrauded by being placed on syndicates which reinsured asbestos and toxic waste claims, or had a heavy concentration of risks. They say Lloyd's knew the syndicates carried big losses but did not disclose them. The ruling in the US appeals court reversed an earlier decision by a district court which dismissed the Names' claims that they should be

able to sue Lloyd's in the US. It was an unwelcome embarrassment to Lloyd's, which has appealed. The centuries-old insurance market is trying to rebuild an international reputation besmirched by the legal and financial problems of its recent past.

Mr Anthony Nelson, a UK minister for trade, described as "erroneous" the view expressed by two of the three judges presiding over the case that Lloyd's was a "business corporation" and subject to the rules of normal international commerce. "The business of insurance at Lloyd's is carried on by the members (Names) and not by the corporation," he said. He added that Names wanting to litigate would "receive fair, unbiased and speedy justice in English courts".

But the California-based American Names Association, which is backing the legal action as part of a continuing campaign against Lloyd's, dismissed Mr Nelson's comments.

Mr Richard Rosenblatt, a representative of the association, said: "I don't think the courts will look kindly on the interference by the British government in domestic matters of the US. They have done their own cause more damage than good."

The association, which will be holding a street demonstration in New York next week, continues to allege fraud and to attack the system of self-regulation at Lloyd's.

The appeals court made no judgment on the facts. It said clauses in contracts signed by Names - agreeing that complaints should be handled by English courts - should be voided because they violated US law.

"A plain, speedy and adequate remedy for the wrongs alleged by the plaintiffs is not shown to exist in Britain," the court said in its original judgment, which also described Lloyd's as "a business corporation so powerful that it has obtained from the British legislature substantial immunities".

This is not the first time the UK government has intervened in litigation against Lloyd's. It wrote a letter supporting the insurance market last August, when the success of a plan to reinsure more than £2bn (\$12.7bn) in losses suffered by Lloyd's from 1988 to 1992 was threatened by a court ruling in Virginia.

On this occasion, Lloyd's is hoping that Mr Chuck Quackenbush, California's own insurance commissioner, will come out on its side. Mr Quackenbush was unavailable for comment yesterday.

Lloyd's has filed for a rehearing of the case which was originally brought by 574 Names. It wants a bigger panel of judges involved and is prepared to go to the US Supreme Court if necessary.

The insurance market yesterday denied in an English High Court separate allegations that it had committed fraud by recruiting new members while hiding knowledge of its losses.

Rail cuts trigger attack on privatised companies

By Charles Batchelor, Transport Correspondent

The revelation this week that a second train operator has had to cancel services because of a shortage of drivers has prompted renewed criticism of rail privatisation.

Train operators should have begun delivering benefits to passengers. But there are signs that the new entrants to the industry - in particular, the bus companies - do not know how to run a railway.

Regional Railways North East, now run by MTL Trust, a northern England bus operator, was forced to cancel dozens of trains when a new drivers' agreement, which cut 83 jobs, took effect on March 2. "Privatisation has only just started on the north's local rail services and already the chaos has begun," said Mr Keith Hill, secretary of Save Our Railways.

News of North East's difficulties came just five days after South West Trains, owned by the Stagecoach bus group, was threatened with a £1m (£1.6m) fine, on top of penalties of up to £1.5m, for cancellations also brought about by driver redundancies.

SWT, which runs trains from London's Waterloo station to much of southern England, has been cutting 39 trains a day since mid-February after misjudging the effect of shedding 70 drivers. It underestimated the need to train remaining drivers to take over different routes.

The common factor driving productivity deals is the need for the new operators to manage sharply declining levels of state subsidy over the lives of their seven to 15 year franchises.

SWT and North East were both implementing wage deals originally negotiated by the national state network. Stagecoach, which took over the SWT franchise in February 1996, began implementation of the state deal at an earlier stage. It underestimated the training requirements for drivers and did not leave enough leeway in its calculations for sickness, seasonal requirements and opposition to the arrangements from some drivers.

MTL this week blamed its difficulties on the agreement negotiated by the state operator, which took effect just two hours before it took over the north-east network. This led to 83 drivers leaving the company.

SWT and North East have proved the exceptions among the new owners, which have in general handled the transition smoothly. National Express, the former state bus operator, said this week it had reduced staff numbers at Gatwick Express and Midland Main Line by a fifth without losing services. But critics of privatisation argue that cost-cutting pressures will increase as government subsidies decline.

"Sleaze" row, Page 6

UK NEWS DIGEST

Status reform for steelworkers

British Steel yesterday outlined plans to offer its blue-collar workers the same employment conditions as white-collar staff, ending decades of discrimination. Under proposals set out to trade union leaders, manual workers may no longer be required to clock in, they could be paid monthly salaries instead of weekly wages and they could be granted longer holidays and better sick pay terms. In return workers will be asked to adopt more flexible working practices which will save the company money. The programme was welcomed by the ISTC, the main steelworkers' union, which said: "We are delighted and surprised. The ISTC has been pushing for single status for 20 years." The proposals are a key element of British Steel's latest efficiency drive under which the rate of job cuts will be accelerated to help drive down costs. The company expects the proposed changes will cost £35m (£55m) a year for the next five years.

Simon Wiggall

EUROPEAN LEISURE

Appeal court jails former directors

Two former directors of entertainment group European Leisure who were convicted of fraud in 1995 were jailed yesterday after the Court of Appeal ruled their original sentences - of 220 hours of community service - were too lenient. Mr Michael Ward, the former chairman and chief executive, was jailed for two years and disqualified from being a company director for seven years. Mr Jeffrey Howarth, the former finance director, was jailed for 20 months and disqualified for five years.

Their case is the first involving a big fraud in which Sir Nicholas Lyell, the attorney general, has used his power to ask the court to increase a sentence. Mr Ward and Mr Howarth were both convicted of illegally inducing the European Leisure share price during the 1990 takeover of Midsummer Leisure, a rival entertainment group. The share support operation was financed with money stolen from European Leisure.

John Mason

FILM

112m cinema tickets sold last year

The dearth of Christmas blockbusters led to a fall in cinema attendance during the final quarter of 1996 when 24.5m tickets were sold, 6 per cent fewer than in the same period of the previous year. But the popularity of last summer's big budget Hollywood movies - *Independence Day*, *Mission Impossible* and *Twister* - ensured that the total number of admissions in 1996 was higher than in 1995. Some 112.1m cinema tickets were sold last year, the National Statistics Office reported yesterday, an increase of nearly 16 per cent over 1995. Cinema operators say that the first quarter of this year has followed a similar pattern to the final quarter of 1996. The market is expected to revive as a number of Hollywood movies and acclaimed pictures open. The reissue of *Star Wars*, which earned \$100m (£62.8m) in its first three weeks in the US, opened in the UK yesterday.

Alice Ransworth

CARMAKERS

Big rise in output for export

Car production last month increased by 5.1 per cent, continuing the steadily upward trend of recent years on the back of stronger demand and the impact of new Japanese factories in England. Output in February climbed to 145,892 vehicles, stimulated by a 20 per cent jump in production for export, which rose to 38,424. Output of commercial vehicles increased by 1 per cent year on year to 20,865 units, with production for sale in other countries falling by 10 per cent to 9,555. Mr Ernie Thompson, chief executive of the Society of Motor Manufacturers and Traders, said: "The pattern of strong export demand and relatively weak domestic demand seen throughout last year is continuing."

Hoag Simons

BCCI COLLAPSE

Jury retires in Gokal trial

The jury in the London trial of Mr Abbas Gokal, the former chairman of the Gulf Group shipping conglomerate who is accused of fraud over the collapse of Bank of Credit and Commerce International, retired yesterday to consider its verdict. The prosecution has alleged Mr Gokal conspired with senior BCCI staff to obtain illegal loans totalling \$1.2bn from the bank. Giving evidence, Mr Gokal said his company was a victim, not a perpetrator of the BCCI fraud. The jury will resume deliberations on Monday.

John Mason

COMPUTER SECURITY

Hacker, 19, entered USAF system

A 19-year-old computer enthusiast who hacked into the US Air Force computer system from his bedroom "as a schoolboy prank" was fined \$1,500 (£950) by magistrates in London yesterday. His lawyer said afterwards: "It was not his fault that security systems in the computing and defence industries left something to be desired."

Mr Richard Pryce from north London gained access in 1994 to the US military computer network from a PC he had bought on credit from a neighbourhood store.

THOMAS THE TANK ENGINE

Children's author dies aged 85

The Reverend Wilbert Awdry, who died yesterday at the age of 85, brought pleasure to millions of children with his *Thomas the Tank Engine* books. The "Puff-Buff Parson" little expected that the stories he began to write when his son Christopher caught measles at the age of 3 would spawn a brand known around the world. Mr John Halloran, chief executive of Reed Books, the publisher of the series, said he could not put a price on the brand, but said it was "very lucrative and hugely valuable". Last year, Britt Allcroft, which has the television and merchandising rights, was offered on the stock market with a value of £20.6m (£48m).

Maggie Urry

How soccer teams up with trade unionism

Mr Gordon Taylor is not a typical trade union leader. The chief executive of the Professional Footballers Association is paid a package worth \$200,000 (£477,000) a year - more than any of his counterparts in the Trades Union Congress, including those who lead much bigger unions.

His union also represents the likes of Alan Shearer, the Newcastle and England striker who earns something like £2m annually.

With a membership of nearly 4,000, including 1,361 trainees, the PFA speaks for practically all of England's professional players, from international superstars to obscure stalwarts in the lower leagues who earn a hundred times less than their more famous fellow trade unionists.

Mr Taylor, himself a former player, insists that his members have much in common with other trade union members. "They'll have the same problems if they are faced with an injury and a job when they finish playing - it is an average eight-year career. We lose 50 players a year through permanent injury. They have the same

problems of coming to terms with life outside football. We need to train them all for the future.

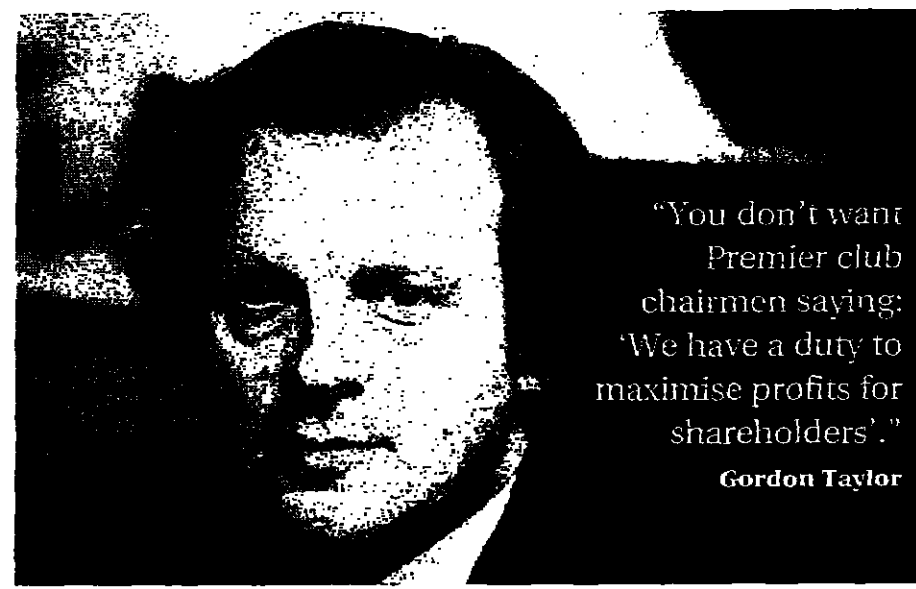
If this sounds rather paternalistic, that could be because the PFA's management committee is made up of seasoned professionals well aware that a player's glory days do not last for ever.

The PFA is a joint trustee - with the Football League and FA Premier League - of the players' pension scheme and financially supports projects providing medical insurance and equipment. It also funds community development programmes, youth training, drug awareness and anti-racism campaigns.

The organisation can dispense so much largesse because it enjoys considerable revenues from television. Last season it received fees totalling £2.5m from satellite and terrestrial broadcasters - more than half its total income of £4m.

The PFA also sits with employers on the Professional Football Negotiating Committee, which meets four times a year and discusses all aspects of the players' conditions.

"It has proved a very effective collective bargaining agreement," says Mr Taylor. Yet relationships with the employers are not always cosy. The PFA receives its television cash under a long-standing agreement that waives payments to players in exchange for the association receiving a cut of revenues. When the Football League last autumn sought to reduce the union's share of these ballooning amounts,



"You don't want Premier club chairmen saying: 'We have a duty to maximise profits for shareholders'."

Gordon Taylor

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the association promptly organised a strike ballot. Still, the PFA remains an unusual union. Last season it gave loans "to help with temporary cashflow problems to protect players' wages" to five clubs. Mr Taylor acknowledges that not many unions can afford to prop up failing employers, but has no qualms about doing so. "We feel we should keep the dream factory alive."

The present structure of 92 clubs in England is sustainable, Mr Taylor believes, but he says it is going to be extremely difficult without bigger subsidies from the strong to the weak.

He is concerned by the implications of the recent television deals, which gave £200m a year to the 20 Premier League clubs, but only £25m between the other 72 Football League clubs.

"You don't want the chairman of the Premier clubs saying: 'Well, we now have a duty to maximise profits for our shareholders'. Because that means they are then becoming responsible to the City of London's rules, rather than what is best for the game of football."

"In England, as opposed to Europe, we don't appreciate what we have on our own doorstep. "I wouldn't want a system in this country like in Holland, where there is a monopoly on success by Ajax; like Spain, where there is a monopoly by Real Madrid and Barcelona; like Italy, with Juventus and Milan; Germany, with Bayern Munich - even Scotland, with Rangers."

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"You don't want the chairman of the Premier clubs saying: 'Well, we now have a duty to maximise profits for our shareholders'. Because that means they are then becoming responsible to the City of London's rules, rather than what is best for the game of football."

"In England, as opposed to Europe, we don't appreciate what we have on our own doorstep. "I wouldn't want a system in this country like in Holland, where there is a monopoly on success by Ajax; like Spain, where there is a monopoly by Real Madrid and Barcelona; like Italy, with Juventus and Milan; Germany, with Bayern Munich - even Scotland, with Rangers."

The controversial crime bill has been heavily amended by Labour, with the government conceding greater judicial discretion in stiffer sentences for repeat offenders. Similarly, the police bill now requires prior judicial authorisation for police surveillance bugs.

"Sleaze" row, Page 6

PM's election effort marred by 'sleaze' row

By John Kampfer, Chief Political Correspondent

Mr John Major, the prime minister, last night ended a disastrous first week of the six-week general election campaign struggling to shake off damaging new accusations of "sleaze" against Conservative MPs.

He dismissed as "total and complete junk" allegations in *The Guardian* newspaper that he had known for 10 days suggestions that Mr Tim Smith, a junior minister at the time, had taken cash

from Mr Mohamed Fayed, owner of the Harrods store in London. The independent commissioner for standards, Sir Gordon Downey, attacked the newspaper for what he called selective leaking, which went against "the interests of natural justice", of evidence considered by his inquiry.

The allegations provided the latest and potentially most serious twist in the long-running "cash-for-questions" saga which has dogged Mr Major's government.

Conservative strategists

acknowledged that the row surrounding Mr Major's decision to close down parliament yesterday - days before Sir Gordon's report was due to be given to a parliamentary committee - had undermined the beginning of their campaign.

"This has cost us several days' good publicity on the economy," said a senior aide to Mr Major.

The Conservatives called into question the conduct of Mr Tony Blair, the opposition Labour leader, in focusing on "sleaze". Mr Michael Heseltine, deputy prime minister, accused him and the editor of *The Guardian* of "operating in tandem".

With opinion polls showing ever-bigger Labour leads, senior Conservatives conceded that Labour's ability to hijack the daily agenda had further damaged the morale of local activists.

A heavy crop of legislation yesterday became law, just hours before parliament was suspended ahead of the general election.

During the ceremony of royal assent, in the House of Lords, the name of the bill is called, and is followed by a

statement of the Queen's pleasure in medieval French. In spite of the formal atmosphere, ministers gave an audible sigh of relief as two battle-scarred law and order packages received approval.

The controversial crime bill has been heavily amended by Labour, with the government conceding greater judicial discretion in stiffer sentences for repeat offenders. Similarly, the police bill now requires prior judicial authorisation for police surveillance bugs.

"Sleaze" row, Page 6

Flexibility holds key to future of shipbuilder

Harland and Wolff, the Northern Ireland shipyard which recently shifted from standard offshore oil and gas sector, is having to adjust its work practices to this new environment.

In what is believed to be the first deal of its kind in the UK, the company - based in Belfast, the Northern Ireland capital - has entered a two-year contract with Randstad of the Netherlands, Europe's biggest employment services company. It means that workers at H & W, temporarily made redundant, will be found jobs with other companies in Europe.

The move aims to iron out personnel problems associated with the unpredictable nature of the offshore business, in which contracts

Northern Ireland's Harland and Wolff turns to contract labour to compete in the offshore market

and delivery schedules are more time-sensitive than in traditional shipbuilding.

The agreement points to the increasing need for flexibility in an industry which has huge shifts in demand for skilled personnel.

The workers would remain on the H & W staff, with the company continuing to cover their pension, holiday and sick pay contributions. But for short spells, they would be

subcontracted to employers in mainland Britain and Europe. The strategy avoids the cost and disruption of having to pay redundancy and then having to rehire.

Randstad places around 150,000 people every day, using its 900 branch offices around the world. The company believes this is likely to be the pattern of future labour markets, as companies cut down their core workforce and rely on contracted skilled labour. "Lifetime employment doesn't exist any more; people will have to realise it is not the company you are with, but the skills you have that are important," says Mr Hans Van Geenhuizen, director of Randstad's technical division in Amsterdam.

The success of H & W's move away from standard ship construction will be underlined next month when the company is expected to declare a small annual profit after losses in each of the past three years. But the need for greater labour flexibility has also been underlined.

Last week, in the first big redundancy announcement since the company was privatised in 1989, H & W warned of a possible 280 job cuts, issuing statutory notices which gave trade unions and management 90 days to agree terms.

Last summer, H & W experienced a sudden rise in demand for skilled steelworkers as it completed hull construction and fabrication work on the £400m (£638m) floating production vessel for British Petroleum. Randstad supplied 600 temporary employees, mostly English and Scottish.

"Randstad helped us fulfil our order books last summer; now we're asking them to help us out of a dip in activity," said Mr Per Nielsen, chief executive of H & W.

H & W employs around 1,750 people, with a further 500 on subcontract work. The company said there has been a strong response from the unions. But Mr George Rose, an official with the GMB union, says it is difficult for the workforce to cope with the sight of subcontracted workers being taken on while permanent staff are being laid off.

John Murray Brown

Lawyers heartened by tobacco settlement in US

By John Mason, Law Courts Correspondent

The decision by Liggett, the US tobacco company, to settle claims against it improves the chances of successful litigation against UK cigarette manufacturers, lawyers acting for lung cancer sufferers claimed yesterday.

Despite the outcome of the Liggett action, the main test case being brought in the UK is set to go all the way to court. But lawyers acting for smokers suing Imperial Tobacco and Gallahers argued the Liggett example

would damage the manufacturers' case. The Liggett case - in which the company admitted that tobacco is addictive - would change the climate of opinion away from the companies and make it easier for judges to rule against the industry, Mr Martin Day, solicitor acting for the smokers said.

"What are seeing is the crumbling of the resolve of the tobacco companies," he added. "Liggett's statement will put pressure on the other companies." The legal action in the UK differs considerably from those in the US. In the US, 22 states are suing the manufacturers for the cost of

treating smoking-related illnesses.

In the UK, the action is being brought by individual claimants represented by "no win-no fee" lawyers. The claimants are arguing the tobacco companies failed to comply with a duty to minimise risk to consumers by reducing tar levels in cigarettes when the link between tar and cancer became clear in the late 1950s. The trial is expected to come to court in 18 months to two years. With the cases being so different, it is likely the Liggett case will be of limited relevance in a strict legal sense.

However, Mr Day said that much will depend on the content of confidential documents due to be released by Liggett until other tobacco companies won a temporary injunction preventing this. Some of the documents could refer to discussions between companies about sensitive legal issues in the case.

Gallahers refused to comment on the outcome of the Liggett case but a spokesman said the company would continue to defend itself in the UK case. Imperial Tobacco refused to comment.

Old Names, Page 7; Lex, Page 24

APPOINTMENTS

BUSINESS MANAGER LOCAL CREDIT TRADING DESK

As Business Manager of the Local Credit Trading Desk within this leading financial services company you will be responsible for the following: review of desk systems for reporting P/L, and risk measures and accurate statement of assets management of underlying projects; providing support to desk head to manage all aspects of the business including P/L, compliance and regulatory issues; liaise with support groups to ensure smooth running of operations; incumbent must be able to demonstrate proven track record with a top tier derivatives firm, managing teams of more than 10 people; have a thorough understanding of derivative products and related risk profiles and be familiar with developing market risk, credit risk and scenario analysis tools. Salary negotiable. Applicants, aged 25-30, education to MBA level with 7-10 years' relevant financial services industry experience, focusing on derivatives, should write, enclosing full curriculum vitae, to:

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COMMODITIES AND AGRICULTURE

Copper up as base metals dip

MARKETS REPORT

By Suzanne Doyle

Base metals prices fell on the London Metal Exchange yesterday with only copper bucking the trend and ending the day stronger.

Prices of many of the metals had rallied on Thursday, led by copper, which staged a small rally after recent losses as people covered their "short" positions - speculative bets that the market would fall.

Yesterday's losers were led by tin, which slumped by \$100 to close at \$3,925 a tonne after stocks rose by \$170 tonnes. Traders said that if support failed to hold at \$5,000, prices could quickly fall to \$4,500. Nickel also suffered because of an increase in stocks, finishing the day \$55 easier at \$7,955 a tonne, just above the day's lows.

Aluminium fell in spite of a stocks draw of 5,525 tonnes. Traders had been expecting a much larger fall and prices ended the day \$12 lower at \$1,637 a tonne.

At the end of the afternoon "kerf" trading session copper closed at \$2,368 a tonne, up \$16.50 on the day - but only marginally higher than the week's opening levels. Earlier in the day it had reached \$2,375.

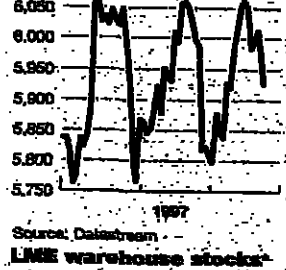
Palladium prices rose sharply in late trading, driven by fund buying, and gold prices rose in their wake. Palladium in London ended the day up \$1.50 at \$132.50 a troy ounce.

At one point prices rose as high as \$135, some \$6 up from the day's lows.

Gold was helped by both

LME 3-month metal (\$ per tonne)

Source: Datastream
LME warehouse stocks



Tonnes	Change
Aluminium	54,300 -5,525
Aluminium alloy	72,700 -200
Copper	157,775 +8,775
Lead	107,600 -625
Nickel	46,776 +234
Zinc	400,450 +2,890
Tin	6,550 +410

the late spurt in palladium and weakness in the dollar. In the afternoon gold was "fixed" at \$352.80 a troy ounce, against \$352 on Thursday.

Traders said the price movements were exaggerated as trading was so light. Dealers will be watching the US carefully next week to see if interest rates rise.

"If it wasn't so quiet it would be quite an interesting time with all these factors coming next week," said one dealer.

Platinum prices fell, losing \$2.50 lower at \$978.55.

Oil prices fell slightly on London's International Petroleum Exchange in thin volume. Around 6.30pm Brent Blend for May delivery - the international benchmark - was trading at \$20.10 a barrel, a fall of 8 cents on the day.

WEEKLY PRICE CHANGES

Commodity	Latest price	Change	Year on week ago	1996/97
Gold per troy oz.	\$351.75	-1.20	\$397.70	\$340.35
Silver per troy oz.	\$31.00p	-0.50	\$34.50p	\$27.50p
Australian \$97.4% cash	\$162.35	-9	\$163.55	\$172.45
Copper Grade A (cash)	\$2,368	+16.50	\$2,351.50	\$1,883.5
Lead (cash)	\$62.5	-2.5	\$65.0	\$59.75
Nickel (cash)	\$7,955	+25	\$7,930	\$9,815
Zinc SHG (cash)	\$1,278.5	+17.5	\$1,261	\$983.5
7% Gilt	\$65.0	-0.05	\$65.05	\$65.0
Cocoa Futures May	\$1,009	-11	\$1,020	\$937
Coffee Futures May	\$1,163	-27	\$1,190	\$1,222
Sugar RDP May	\$271.70	-2.20	\$273.90	\$258.30
Barley Futures May	\$94.00	-2.75	\$96.75	\$99.50
Wheat Futures May	\$191.75	-2.05	\$193.80	\$191.50
Cotton Outlook A Index	90.10c	-0.80	\$90.90c	\$74.05c
Wool (S/S Super)	429p	+16	442p	432p
Oil (Brent Blend)	\$20.06	-0.08	\$20.14	\$18.90

For more prices please contact: p. 10, p. 11, p. 12, p. 13, p. 14, p. 15, p. 16, p. 17, p. 18, p. 19, p. 20, p. 21, p. 22, p. 23, p. 24, p. 25, p. 26, p. 27, p. 28, p. 29, p. 30, p. 31, p. 32, p. 33, p. 34, p. 35, p. 36, p. 37, p. 38, p. 39, p. 40, p. 41, p. 42, p. 43, p. 44, p. 45, p. 46, p. 47, p. 48, p. 49, p. 50, p. 51, p. 52, p. 53, p. 54, p. 55, p. 56, p. 57, p. 58, p. 59, p. 60, p. 61, p. 62, p. 63, p. 64, p. 65, p. 66, p. 67, p. 68, p. 69, p. 70, p. 71, p. 72, p. 73, p. 74, p. 75, p. 76, p. 77, p. 78, p. 79, p. 80, p. 81, p. 82, p. 83, p. 84, p. 85, p. 86, p. 87, p. 88, p. 89, p. 90, p. 91, p. 92, p. 93, p. 94, p. 95, p. 96, p. 97, p. 98, p. 99, p. 100, p. 101, p. 102, p. 103, p. 104, p. 105, p. 106, p. 107, p. 108, p. 109, p. 110, p. 111, p. 112, p. 113, p. 114, p. 115, p. 116, p. 117, p. 118, p. 119, p. 120, p. 121, p. 122, p. 123, p. 124, p. 125, p. 126, p. 127, p. 128, p. 129, p. 130, p. 131, p. 132, p. 133, p. 134, p. 135, p. 136, p. 137, p. 138, p. 139, p. 140, p. 141, p. 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COMMENT & ANALYSIS

FINANCIAL TIMES

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Saturday March 22 1997

The rate for the jobs

In the Delphic rituals of US interest rate setting, Mr Alan Greenspan, chairman of the Federal Reserve, seemed this week to show a nice sense of history. Seemed of course. No bankable prophecies can be made from the fact that on Thursday he followed the same pattern as in February 1994, when the US Federal Funds rate started its 12-month climb from 3 per cent to 6 per cent.

Then as now, Mr Greenspan chose to address Congress's Joint Economic Committee, shortly before an important meeting of the Federal Open Market Committee. Commentators speculated that this time also Mr Greenspan was preparing the markets for bad news. Although it is now widely expected that the committee will agree on Tuesday to raise the rate by ¼ percentage point to 5½ per cent, it will face a difficult decision. Despite the steady fall in unemployment as the economy continues to expand at around 4 per cent a year, plenty of US congressmen think that higher interest rates are just what the jobs market does not need. And respectable arguments can be advanced that although the present US unemployment rate of 5.4 per cent is the lowest since 1969, this may not be a sign, in a more flexible labour market, that inflationary pressures are about to burst out.

Survey data suggest that in the 1990s the proportion of those employed by large firms who fear the sack rose from a quarter to nearly a half. Such insecurity, combined with the cost pressures resulting from a strong dollar, might well mean that the engines of growth can be run at higher revolutions than in the past.

But if so, exactly how much further can unemployment be allowed to fall before shortages of labour start to drive up wages and then prices? This is now the most important question, in the UK as well as the US, behind the authorities' decisions on tightening monetary policy. And nobody quite knows the answer.

High unemployment

In Germany and France unemployment is so high that, for the time being, this question does not matter very much. However, in the US and the UK, output is now on some estimates quite close to full capacity, as measured by long run trends. So the question is: have workers changed their habits?

In the US, the fact that consumer prices have remained unexpectedly subdued, while output has grown fast is prima facie evidence that this is indeed so.

As Mr Greenspan put it: "The rate of pay increase was markedly less than historical relationships with labour market conditions would have predicted." Has something similar been going on in the UK, where the fear of being fired has also made workers remarkably more subdued in recent years?

Lively argument

The answer is to some extent "yes". But the Treasury and the Bank of England have been conducting a lively argument as to how much the labour market has changed, as they wrangle over the ¼ point base rate rise which Mr Kenneth Clarke, the chancellor, refuses to agree.

In the UK, as in the US, the fall in unemployment, down again last week to 6.2 per cent of the workforce, has been faster than most people expected and inflation (at 2.9 per cent in February) has remained more subdued than "historical relationships" would have suggested. But wage increases are starting to show a worrying tendency to accelerate, having reached 5 per cent in January. On neither side of the Atlantic can fast growth be combined with low inflation for ever. And since an interest rate rise has little effect in slowing growth for nine months or more, the authorities need to act promptly.

In the UK, nothing will be done before the election on May 1. But the new government must make this one of its first tasks along with reducing its deficit.

The Fed also needs to act soon, probably next week. This may well stimulate a general rise in European interest rates, which have been held very low on the continent and are likely to be under upward pressure anyway, as the German and French economies move out of recession (achieving perhaps 3 per cent growth this year according to some forecasts).

The rise in US rates is very unlikely to be as steep as the seven-step increase in 1994. However, if the same pattern is to some extent followed, European market rates are likely to be dragged along behind. That may be bad for jobs in France and Germany. But Mr Greenspan is not yet in charge of Europe.



Under scrutiny: (left to right) Sir Gordon Downey whose investigation of sleaze allegations involving MPs including Tim Smith and Neil Hamilton was ordered by John Major

Questions about questions

A controversy over parliamentary standards has become more dangerous for the UK prime minister, says James Blitz

For the past three years, the British Conservative party has been rattled by repeated allegations of "sleaze" against a handful of its MPs. At the heart of the claims is the accusation that men such as Mr Neil Hamilton, the former trade minister, and Mr Tim Smith, a former Northern Ireland minister, were paid by an outsider to table parliamentary questions. They are then accused of breaking rules by failing to register the payments with the Commons authorities.

But in the past three days, the cash-for-questions row has developed into something more dangerous for the government – and, in particular, for Mr John Major, the prime minister.

With a general election just six weeks away, questions are now being raised about whether the prime minister should have acted more resolutely over the charges – and whether, in recent days, he personally tried to scupper an official inquiry into the case.

This byzantine row originates in the late 1980s, during the closing years of Mrs Margaret Thatcher's period as prime minister. Mr Mohamed Fayed, the Egyptian-born chairman of Harrods, was waging a vigorous campaign against critics of his take-

over of House of Fraser. They had accused him of disguising his humble origins and lack of wealth to buy the store group.

When a Department of Trade and Industry inquiry was mounted into the affair in April 1987, Mr Fayed began a campaign of intense lobbying to put his case. With the help of Mr Ian Greer, a prominent lobbyist, he sought the support of several MPs to advocate his case in parliament – including Mr Hamilton, Mr Smith and Sir Michael Grylls, a senior backbencher.

But in 1984, the Harrods boss – piqued by his failure to get British citizenship and raging at "corruption" in high places – made a series of allegations about payments to the MPs which he claimed ran into tens of thousands of pounds.

In September of that year, he informed the prime minister – through an intermediary – about the allegations. He alleged the MPs had failed to record the payments on the register of members' interests. After 20 days, angered at what he felt was Mr Major's failure to act, he passed the details to The Guardian, the left-leaning newspaper, triggering the resignation of Mr Hamilton and Mr Smith as ministers.

In the two years since, the MPs have vigorously rebutted the charges. Mr Hamilton launched a libel action against The Guardian but withdrew in October after he said he could not afford to pursue his case. The allegations were then passed by Mr Fayed and The Guardian to Sir Gordon Downey, the independent commissioner for standards.

Sir Gordon had been due to hand his report – arguably the last word on this epic case – to the Commons committee on standards and privileges next Monday. But Mr Major's decision to end Commons business ahead of the general election required the committee's dissolution by this weekend. The Guardian yesterday published parts of the evidence it had received as a party to Sir Gordon's inquiry – a step that has led to accusations that it is in "contempt of parliament".

Throughout this affair, the gravest charges have been levelled against Mr Hamilton. The main allegation is that he personally took thousands of pounds in cash, passed to him in brown envelopes from Mr Fayed.

Mr Hamilton has always denied the charges, and yesterday said The Guardian's allegations were "a pack of lies". But the affair has now raised much more serious questions which have overshadowed the good economic news that the Conservatives had

hoped would get their election campaign off to a flying start. The first is whether Mr Major called for an early break-up of parliament to scupper Sir Gordon's inquiry ahead of the election. Labour argues that no prime minister has "prorogued" parliament as much as six weeks before an election since 1918. It adds that Mr Major must have had an ulterior motive in setting such a deadline, forcing the government to ditch prized legislation such as the education and criminal justice bills.

Mr Major argues he knew nothing of Sir Gordon's timetable. He says that even if parliament had sat until April 8 (the date of final dissolution), the committee would not have completed the interviews and discussions necessary to reach its conclusions.

Second, Mr Major is accused of appointing Mr Tim Smith as a Northern Ireland minister in 1994, five years after the MP had confessed failure to declare his gains from Mr Fayed to Mr David Waddington, then Conservative chief whip. Mr Waddington advised him to register the latest batch of payments with the Commons authorities, which he promptly did. But Downing Street said yesterday Mr Major had not known about this conversation until October 1994.

Third, the prime minister is accused of unnecessary delay in removing Mr Smith from office once he learnt of the payments. Mr Fayed made his allegations to the prime minister via an intermediary on September 29 1994. Mr Major immediately asked Sir Robin Butler, the cabinet secretary, to conduct an inquiry into the case.

On October 10, Mr Smith admitted to Sir Butler that he had indeed received the payments. But Mr Smith did not resign until The Guardian published the allegations on October 20.

Downing Street argues Mr Major received Sir Robin's final report on the issue only on October 18 – the day he returned from the Conservative party's annual conference. Mr Smith was required to leave office two days later.

A verdict on these questions and allegations is contained in Sir Gordon's report. This weekend, it remains locked in a cupboard in his office – and it will stay there until after the election when the new House of Commons will consider its findings. Until then, no one – not even The Guardian – knows what his judgments are. But the damage to the Conservatives and to parliament's reputation as a regulator of its affairs has been done.

The cash-for-questions issue has undermined the Tories' strategy, says John Kampfner

Throughout the cash-for-questions affair and other tribulations, Mr Major's strategy has been to distance himself from his MPs. He is fighting the general election on a personal basis, urging voters to opt for him whatever they think of his party. The events of the past few days have set back this strategy in two ways. They have knocked the Tory message of the week – a strong economy – off the front pages, doing nothing to help the party close its gap in the opinion polls which yesterday reached 27 percentage points in The Independent. More damaging, it has allowed Labour to challenge Mr Major's personal integrity.

Bogged down by sleaze

"Whatever the truth, he certainly looks like a man who's doing his best to suppress important information," Mr Robin Cook, shadow foreign secretary, said yesterday.

Senior aides of Mr Major acknowledge that Labour won the media battle over the first week. "This has deprived us of so many opportunities to get the show on the road," says one.

Mr Major and his advisers are furious. They believe Mr Tony Blair's team waited 24 hours after Mr Major's announcement of the election date to raise the issue of the timing of proro-

gation of parliament and Sir Gordon Downey's report. And they say the Commons standards committee would have taken a long time to reach a decision after receiving Sir Gordon's report on allegations against Mr Neil Hamilton and his colleagues.

Yet some Tory MPs are unhappy with the way Mr Major has handled the tawdry business. "This is the best example yet of John Major's characteristic blend of incompetence and concealment," says a former cabinet member. Another ex-minister mocked the prime minister's attempts to distance himself

from his party. "Honest John" has been a good public relations exercise, but we're not taken in by it," he said. "It's a pretty sad state of affairs when you have a prime minister pretending to be a victim of his party's actions."

Mr Major claims to be the champion of the fight against sleaze. He points to his creation of the Nolan committee on standards in public life – to the fury of many of his backbenchers – in 1994.

Yet Labour is making much of the government's opposition last year to Lord Nolan's proposal to force MPs to declare the amount

of money they earn from outside interests. Last year, the Tories, hostile to constitutional change, amended the 300-year-old Bill of Rights to help Mr Hamilton sue the Guardian newspaper. Furthermore, the party says, Mr Major has refused to lift the secrecy surrounding party funding. Tory coffers recovered from a £19m deficit to a surplus of up to £40m over a few years.

Yet according to a recent survey by Mori, only 8 per cent of voters regard "morality and individual behaviour" as important in determining which party they would vote for.

"Nobody out there cares about any of this," said a senior Tory official. "After all, we're not like the French or Italians."

LETTERS TO THE EDITOR

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Turkey gets a raw deal from Europe

From M. Atar.

Sir, In his article "Polite hypocrisy" (March 19), Ian Davidson seems to overlook the long history of Turkish aspiration to adopt western political and social norms which started in the last 100 years of the Ottoman era. At that time, while Turkey was struggling with many crises and drawing criticism from Europe, the idea of its being part of Europe was not questioned. The revolution under Atatürk that brought about the republic was the culmination of this century-long effort to modernise.

Until quite recently the rest of Europe praised Turkey for this historic endeavour. Today it seems everyone in Europe suddenly thinks Turkey is a hugely populous nation of strangers, badly afflicted by poverty, with a hostile religion and an unfamiliar political system.

Turkey should not be treated by responsible people as an alien, which may one day be eligible to enter the gates of Europe solely because of its membership of Nato or its strategic position.

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From Mr Andrew Wigley.

Sir, While the European Union's woes about Turkey continue ("Turkish trouble", March 10) Erbakan's decision to restrict Islamic militancy should be quietly welcomed by the west.

Military sway in affairs of state, widespread corruption and infringement of political and press freedoms are understandable reasons for concern.

Yet Turkey has had to deal with a plethora of conflicting and inconsistent signals from Brussels. It is through continuing trade and economic relations that maximum influence can be brought to bear upon Turkey for more fundamental reform.

I share your regret, therefore, that at their meeting in Rome, EU Christian Democrats should permanently deny EU membership to Turkey, greatly reducing the EU's bargaining position in promoting democratic and political reform on the turbulent south-east of its continent.

The Christian Democrats have been much mistaken in identifying the alienation of Ankara as the path to progress.

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Opposition to union rights is unsustainable

From Mr Roger Lyons.

Sir, Your report "Labour rejects business fears on trade union powers" (March 18) on employer opposition to Labour's plans for union recognition is very puzzling. David Yeandle of the Engineering Employers Federation, in particular, seems to have lost the plot completely when he talks wildly about job losses and lower investment.

What we are, in fact, discussing is a basic civil right for employees. In other words, where 50 per cent plus one of employees (whether union members or not) voting in a secret ballot in favour of their being represented by a trade union, an employer should be obliged to recognise that union.

If workers want to be represented in this way on issues of pay, hours, holidays and training, then many people will find it hard to see what the problem is. This is the dilemma that Mr Yeandle and others will have to face after May 1.

How will they be able to argue credibly against a law which upholds the democratically expressed wish of a majority vote of employees?

Labour is right to stick to its guns, and employers have nothing to fear from these sensible – and long overdue – plans.

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Shell's claim of environmental shift not yet credible

From Mr Tony Juniper.

Sir, The remarks made by Shell this week in respect of its new-found environmental and social awareness ("Rights and Wrongs", March 18) will be warmly welcomed by environmental groups if a shift in policy and company activities results.

We are not, however, convinced that this shift has occurred. Shell's stance on climate change is illustrative of our concerns in this respect.

For example, Shell's senior managing director, Cor Herkstofer, announced this week that a shift to renewable energy was warranted because of expected

climate change, and said: "There is now sufficient evidence to support precautionary action."

Meanwhile, however, Shell remains, along with most other large oil companies, a member of the Global Climatic Coalition. This is an industry lobbying organisation that has tried to undermine the scientific consensus that climate change is happening, has blocked moves to agree carbon dioxide emission reductions, and argues that the cost of "precautionary action" is too high.

Friends of the Earth has written to Shell and other leading fossil-fuel-dependent companies

that belong to this organisation to urge them to terminate their membership and instead to call for urgent action to limit the emission of climate-changing gases.

Their reaction to this call will be most interesting in respect of comparing what they say they support in their environmental and social policy, and what they actually do.

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Man in the News • Benjamin Netanyahu

Life and death negotiations

Judy Dempsey on the crisis provoked by the Israeli prime minister's tough stance

Israelis were yesterday looking forward to celebrating Purim, one of the Jewish calendar's most joyous occasions. Their expectations were shattered when a bomb ripped through a packed cafe in central Tel Aviv, killing two civilians and the bomber, and injuring 44.

The attack came after one of the most tense weeks in Israel since September - when Mr Benjamin Netanyahu, the Israeli prime minister, opened an exit to a tunnel in the old city of Jerusalem, close to the Al-Aqsa Mosque, one of the Moslems' holiest sites. That decision led to violence between Palestinians and Israeli forces, leaving 76 dead.

On Tuesday, Mr Netanyahu ordered work to start on a new Jewish settlement at Har Homa in east Jerusalem which will cut off the Arab parts of the city from the Palestinian-controlled areas of the West Bank. He did so in spite of warnings from King Hussein of Jordan and senior Palestinian leaders that building in Har Homa undermined the principles of the Oslo Peace Accords and could lead to violence.

"We intended to build. We promised to build. And we are building," says Mr Netanyahu of the work begun on Har Homa.

On Thursday, Mr Netanyahu unveiled plans to wrap up the so-called final status talks on Israel's future borders within six months. The short time frame fuelled concerns among the opposition Labour party and Palestinians that the Israeli govern-

ment intended to by-pass the Oslo peace accords.

Mr Yasser Arafat, president of the Palestinian Authority, asked his people not to resort to violence. But yesterday's terrorist attack, which police said was the work of a suicide bomber belonging to Hamas, the Islamic resistance movement, showed his difficulty in controlling it.

Mr Netanyahu's defiance of world opinion in going ahead with construction at Har Homa and in deciding to jump directly to final status talks have strengthened his credibility in the coalition - but seriously weakened the peace process.

The final status talks were intentionally left until later because they deal with the most sensitive issues of the entire peace process: Israel's future borders, the Jewish settlements, the fate of the 4m Palestinian refugees and - above all - Jerusalem. By putting them at the top of the peace agenda Mr Netanyahu, so his supporters believe, has regained the political initiative.

The Labour party, led by Mr Shimon Peres, is already involved in a bitter leadership contest. The party, which cannot agree on whether the government should leap-frog to final status talks, is tearing itself apart over whether to join a national unity government.

Mr Ehud Barak, the former chief-of-staff and the Labour party's frontrunner for the leadership, believes that to move directly to final status talks would be a grave mistake. He says it would undo all the work

of the 1995 interim agreement and could lead to violence.

The interim agreement was designed to build trust between Israelis and Palestinians, says Mr Barak. But it was also constructed to strengthen the Palestinians' negotiating position before final status talks, scheduled to last until 1999. The Palestinians should have gained control of large swathes of territory in the West Bank, by the time those talks were in full swing, putting the physical foundations of a Palestinian state in place.

"And not only that," says Mr Shmuel Sandler, political scientist at Bar-Ilan University near Tel Aviv. "The interim agreement is supposed to give the Palestinians time to build a civil society, to move away from being a revolutionary movement to a democratic one."

"That could all be undone by Netanyahu," says Mr Sandler. "By jumping directly to the final status talks, the interim agreement will be by-passed. The Palestinians will be left with a very weak civil society. It will have no bargaining chips."

The main leverage the Palestinians have always sought is land, vital for realising their aspirations for their own state. Under the terms of the interim agreement, an unspecified amount of land is supposed to be returned to the Palestinians after the completion next year of three Israeli troop withdrawals from the West Bank. But land is precisely the card Mr Netanyahu and his Likud government have

decided to hold on to tightly. "It is their greatest asset," says Mr Sandler.

This is another reason why Likud and its coalition partners support Mr Netanyahu's idea of going directly to the final status talks. "The coalition knows that, if it gives back land before those talks, it becomes an irreversible decision. That really scares the nationalists," says a senior government official.

The coalition began to understand this - and the implications of implementing the interim agreement - when Mr Netanyahu finally agreed last January to withdraw Israeli troops from Hebron. For Likud, which still believes Hebron and the West Bank is part of "Eretz Israel", the Jewish biblical homeland, that withdrawal was the beginning of the end of Israel's hold on the West Bank and a betrayal of Likud's principles. For the international community, it seemed to represent Mr Netanyahu's commitment to the peace process.

For a few weeks after Hebron there was a hope that some seeds of trust and confidence had been sown between Likud and the Palestinians. But Mr Netanyahu's decision this week on Har Homa and final status talks disabused the Palestinians of that notion as much as it reassured his coalition partners that he was not disowning their principles.

"What he is doing is dictating the terms of the peace process," says Mr Saeb Erekat, the Palestinian chief negotiator. "Netanyahu is creating facts on the

ground before starting the final status talks."

What particularly frustrates the Palestinians is that Mr Netanyahu, as he told Israel Radio yesterday, has drawn up his own maps and territorial boundaries for the final settlement. "This is not a negotiation. It is a fait accompli," says Mr Erekat.

Mr Netanyahu has shifted his ground after Hebron and adopted what some Palestinians believe is a unilateral negotiating position in order to placate the nationalists in his fractious coalition. He is also inherently sceptical, if not opposed, to the Oslo process, as he said during his election campaign last year.

"He never really liked it," says Mr Alexander Labovitz, a Knesset member of the coalition's Third Way party. "It is not that he does not want peace. He simply does not believe that Oslo is the right framework."

Mr Martin Kramer, a political scientist at Tel Aviv University, says: "Everybody knows that the interim agreement is fraught with difficulties, but it is a process, a mechanism, one created to build confidence. I think Netanyahu believes he has reached an impasse with Oslo because he does not fundamentally believe in it. He fears it gives away too much too early."

The Palestinians will be loath to accept Mr Netanyahu's proposals, believing them to be a ploy, serving to deflect international attention from Har Homa and mollify his own coalition. "We entered the peace talks as unequal partners," says Mr



Erekat. "Netanyahu holds all the cards."

But the Palestinians have waited 30 years for their state. "And they can wait a bit longer if Arafat can convince them, and if they refrain from violence," says Mr Kramer.

"Netanyahu's plan might crash. If it does, he may be forced to form a national unity government," adds Mr Kramer. "This 'would be more palatable to the Palestinians and more conducive to putting peace back on track'."

When in 1994 the top executives of the five big US tobacco companies stood side-by-side before a Congressional subcommittee, raised their right hands, and swore that cigarette smoking was not addictive, it was a memorable moment. The scene attracted derision from those who pointed to the millions of smokers who had tried to quit smoking but failed.

Three years later, one has broken ranks with the rest and come clean. Liggett, the smallest of the five, plans to start labelling its cigarette packs with the warning "Smoking is addictive" - arguably one of the biggest steps forward for US anti-tobacco campaigners since health warnings began appearing on cigarette packs in 1966.

Mr Al Gore, the US vice-president, called the move "a historic victory for the American people" and said Liggett had "publicly acknowledged what we have all known for years" about smoking and the behaviour of the tobacco companies.

Liggett agreed to the move as part of a ground-breaking deal with the attorneys-general of 22 states that are suing US cigarette-makers to recover the costs they incur in treating smoking-related illnesses under public-sector healthcare programmes. Subject to court approval, the deal will also settle all present and future claims brought by or on behalf of individual smokers.

Under the deal, Liggett will gain immunity from litigation, but in return it will pay 25 per cent of its dwindling pre-tax profits over the next 25 years into a fund that will be divided among all those winning lawsuits against the industry. It will also acknowledge publicly

Haunted by old flames

Richard Tomkins reports on why a US tobacco company has broken ranks on the dangers of smoking

that smoking causes cancer and other diseases, and that some tobacco marketing was aimed at under-age smokers. But for the attorneys-general, the crown jewel of the settlement is Liggett's agreement to hand over thousands of pages of internal documents that they believe will provide evidence that the industry has engaged in a decades-long conspiracy of silence and deceit over the hazards associated with smoking.

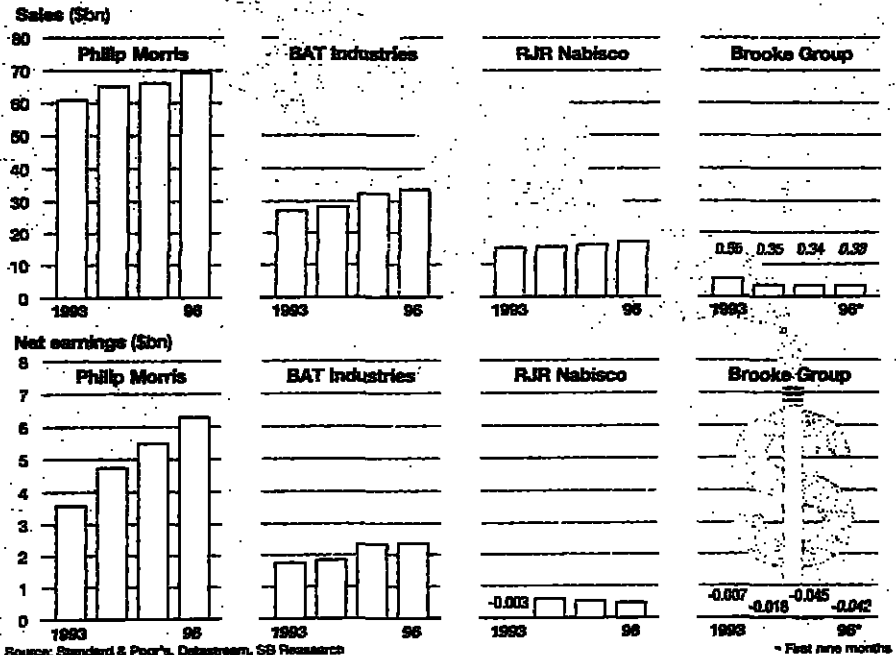
Mr Michael Moore, the Mississippi attorney-general, says: "Never again will Big Tobacco be able to claim innocence with a straight face. The documents will tell the real story behind the industry's lies."

The attorneys-general want the documents not because they may help nail Liggett, the small and ailing maker of Chesterfield and some cut-price brands, but because they believe they will give them the ammunition they need to attack the larger companies: Philip Morris, RJR Nabisco, Brown & Williamson Tobacco - the US arm of Britain's BAT Industries - and, to a lesser extent, Lorillard.

The tobacco companies themselves seemed to give weight to this idea when they dashed into a North Carolina courtroom on Thursday to get a temporary restraining order preventing Liggett from handing over any documents involving discussions with other companies. A full hearing is set for March 31.

Still, analysts are uncon-

Tobacco industry: no smoke without fire?



vinced. The past few years have seen the emergence of several whistle-blowers from the tobacco industry and the publication of thousands of pages of internal documents, and analysts doubt whether the papers held by Liggett even if the courts allow them to be released - will add much to what is already known.

But what about the admission that cigarettes are addictive? Mr Gary Black, an analyst at Sanford C. Bernstein, the Wall Street securities house, doubts whether Liggett will rush to put the warning label on the pack

because of the danger that it could be used against the company by any litigants not covered by this week's deal.

"In addition, Liggett would be pressed to explain when its executives became convinced that smoking was addictive, and could be held liable for fraud for not revealing that knowledge earlier," says Mr Black.

Although tobacco shares fell sharply when the settlement was announced, the declines were not on the same scale as those resulting from earlier industry setbacks - notably the case last

August when a Florida jury awarded \$750,000 (\$471,698) in damages against the industry to a lung cancer patient and his wife. The case is under appeal.

Before that, the tobacco companies had never paid a penny in damages because juries had taken the view that everyone knew the risks associated with smoking, and that those who took up the habit had only themselves to blame. What remains to be seen is whether the Liggett settlement helps change the climate for litigation by exposing tobacco manufacturers

Steeled for a battle

German workers are facing up to increasing job insecurity, says Frederick Stüdemann

The mood among Dortmund steelworkers after this week's announcement of a takeover bid by steelmaker Krupp Hoesch for rival Thyssen resembled that of football supporters whose team is losing.

"Everyone is pretty worked up," said an electrician from Krupp's Westfalen plant, which employs 6,000 and is a prime candidate for closure in any rationalisation of the industry.

"They've realised this time their jobs are on the line. If the bosses and the bankers get their way then the only place in town which will do good business will be the unemployment office."

Like other towns and cities in the Ruhr, Germany's old industrial heartland, Dortmund faces unemployment rates of 20 per cent if worst fears of cuts in the coal and steel industries are met. With unemployment in Germany at record postwar levels, Krupp's proposed takeover has been seen as a further blow to Germany's consensus-based social market economy.

"We don't want things to develop like they did in England or America," says Mr Jan Kobylanski, a shop steward. "There they cracked the unions and took what happened. OK jobs have been created, but at what price? People have to do two or three 'cheap jobs' to make ends meet and live in a hire-and-fire situation."

His views are shared by Bild Zeitung, Germany's biggest selling newspaper and normally no enemy of change. In a typically forthright front-page headline addressed at Krupp's chief executive, it asked: "Herr Crome, Do You Want To Set Our Country Alight?"

Unlike those in France or Belgium, German workers have held back from direct action in labour disputes. But this week the steelworkers at Krupp and Thyssen downed tools and picketed their factories after the bid was announced.

Last week coalminers marched on Bonn, blocking traffic and blockading the headquarters of the liberal Free Democratic party, Chancellor Kohl's junior coalition partner. And in a protest over jobs in the construction industry, building workers in Berlin stormed the Reichstag.

Workers claim the consensus ways of the past - which they say were an integral part of Germany's attraction as an industrial location - are being sacrificed in favour of newer ideologies.

"They will globalise themselves to death," says Rüdiger Raguse, a works council member at the Westfalen plant. "But I cannot globalise myself. I've got a flat in Dortmund and want to keep on living there."

Krupp's bid for Thyssen has highlighted the growing importance in corporate life of the stock market, which is now dealing with that highly rare German prospect: a hostile bid. While German workers in the past typically blamed their woes on banks and politicians, the steelworkers this week vented their anger at the market.

When workers from the two companies gathered on Thursday to discuss the deal in Dortmund's Westfalenhalle, an imposing monument to past industrial glories, there were calls for a march on the Frankfurt stock exchange. In the event the steelworkers marched back to the Westfalen plant where the works councils voted to return to work.

Their protests had, however, achieved something. Mr Johannes Rau, the premier of North Rhine-Westphalia, brought the two parties together to discuss a joint venture in steel.

Such a settlement would achieve a goal long held by both sides: the creation of a single steel giant. But for the workers at Westfalen it would still probably mean the closure of their plant as the new venture sought to cut capacity.

Even within the Ruhr, however, the importance of coal and steel has diminished. Together they employed 170,000 people, compared with 750,000 30 years ago. According to Mr Wolfgang Clement, economics minister of North Rhine-Westphalia, coal and steel account for 5 per cent of employment in the state. Concentrated on the Ruhr alone, the figure rises to just 8.6 per cent.

The region has been in a process of restructuring for decades, replacing smokestacks with neatly cultivated landscapes. Thyssen and Mannesmann, Ruhr titans, have successfully diversified into sectors such as telecommunications, and heavy metal is now a low earner.

"If you look at towns like Mülheim and Essen [where Krupp has its headquarters] the restructuring has already been completed," says Mr Heinz Schrupp from the Rhenish-Westphalian Institute for Economic Research. "In reality the Ruhr region is now only an historical term."

The Irish foreign minister tells John Murray Brown about the delights of greyhound racing

One man and his dogs

If there was a sporting award for politicians, it would surely go to Dick Spring, who won three rugby caps at fullback for Ireland in the late 1970s and represented his country at hurling and Gaelic football.

Less well known, perhaps, is the Irish foreign minister's love of greyhounds. This began as a means to get to know his North Kerry constituents, when succeeding his father as MP after returning from the US, with Kristi, his American wife, in 1981.

"The original idea was I should buy a dog, and mix with the lads, the punters," he recalls. "But after a few weeks they were saying 'Jesus, look at your man. It's his first dog and he's winning everything. Typical'."

Spring One, his first dog - a pup he bought for £1,000 - won 15 races in all,

including romping home in the Barry's Tea 700, one of Ireland's biggest races.

Peter Barry, heir to the Cork-based tea business which sponsored the race, was then a minister for Fine Gael, Labour's coalition partner in government. "It was nice to think of £22,000 prize money passing across the cabinet table. I enjoyed that immensely," he jokes.

Spring spent 15 years dedicated to top-class rugby - a passion he says can never be replaced. But he will settle for a night at the dogs, catching the excitement of a 30-second event which sees six galley-jacketed dogs pursue a mechanical hare around an oval track.

It also has one advantage over rugby. "When something goes wrong you can always blame the dog," he says. "It's a great moment when

the lights go down and you wait for them to burst from the traps. My kids love it. I had to remind my wife that it's not like an American sport where you shoot your head off."

Today he has a half share in two dogs, but work pressure means that he rarely gets trackside.

"You get a call from the trainer and you turn up if you can. During Ireland's recent European Union presidency I didn't make it once. I'm in Dublin four days a week and quite frankly every hour is taken up," he says with feeling during a 20-minute interview squeezed between a cabinet meeting and dinner with the visiting Syrian foreign minister.

He has certainly done his bit for punters at his local Tralee track. Thanks to his endeavours in Dublin, his home town will have a new track plus restaurant and

lounge facilities next month - part of a £1.8m (£1.7m) refurbishment paid by the government, which is a pretty generous given that even on a good night the track attracts little more than 1,000 racegoers.

And he still cannot resist a political jab when naming his greyhounds. White Ribbon, one of his dogs, is named after the campaign launched by the Irish foreign ministry to call for peace in Northern Ireland.

More controversial is his attitude to greyhound racing's sister sport - horse coursing, which some followers believe to be the purer of the two. Spring remains agnostic, but he embarrassed some of his city-based Labour party colleagues by attending this month's Irish Coursing Cup at Clomanna, County Limerick.

His own explanation -



that he will only support coursing if the dogs are muzzled - was typically sure-footed, even if it does recall Bill Clinton's assertion, when accused of smoking marijuana, that he had not inhaled.

But he is unrepentant on

the general point: "You can't have one without the other. You need the coursing breed for the quality of the greyhounds. I don't think you could sustain the artificial side of the sport, which the track is, without it."

CURRENCIES AND MONEY

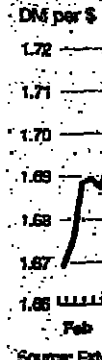
Dollar falls

MARKETS REPORT
By Simon Kuper

The dollar slipped against the yen yesterday on reports - later denied - that a Fed official had made a rare comment on the currency. Ms Alice Rivlin, vice chairwoman of the Federal Reserve, was quoted as having said on Thursday night that there were limits to the US Treasury's strong dollar policy. She said that too strong a currency punished American exporters.

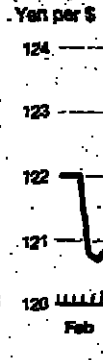
Reports of her comments rattled the dollar. It had begun the day strong on the growing belief that the Fed will raise US interest rates by 25 basis points after its Open Market Committee on Tuesday. Ms Rivlin's comments were considered significant as there have been other signs in recent weeks that Washington is getting worried about its growing trade deficit with Japan.

Dollar



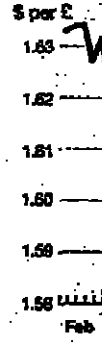
Source: Ecol

Yen



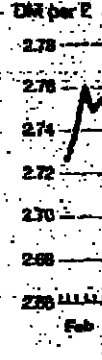
Source: Ecol

Sterling



Source: Ecol

D-Mark



Source: Ecol

of the ground it lost earlier this week. It rose a percentage against the D-Mark to DM2.699 and a cent against the dollar to \$1.604.

The Swiss franc fell partly on comments from Mr Bruno Gehrig, a Swiss National Bank board member, who said the bank was continuing its "generous" monetary policy. Mr Gehrig also said that if the process of European monetary union led to a flight into the Swiss franc, the bank would resort to necessary to "unlimited" intervention to stop the currency from soaring. The Swiss franc fell from SF0.857 to SF0.863 against the D-Mark in London yesterday, and slipped to SF1.452 against the dollar. However, traders said that volumes in the currency were thin.

The market has now largely priced in a Fed rate rise next week. A Reuters poll of 48 economists revealed that 34 expect the key Federal funds rate to

rise to at least 5.50 per cent from 5.25 per cent. Last week only 17 out of 44 had made that forecast. A tightening would be the first change in the Federal funds rate in 14 months.

The dollar could react to a rate rise in one of two ways. If US asset markets tumble, the currency may weaken. But the dollar would gain if markets fell the rise in yields on dollar deposits was the most significant consequence of the tightening. A dollar rise might upset

both the US and Japan. They are keen for the yen to recover so that Tokyo's trade surplus with the US falls. For the yen to gain, the Bank of Japan may have to copy any Fed rate rise. However, as Mr Jesper Dannesboe, treasury economist at ABN-Amro in London points out, the Bank of Japan has given no sign at all that it will increase rates. The bad loans held by Japanese banks may well prohibit such a move.

POUND SPOT FORWARD AGAINST THE POUND

Mar 21	Closing mid-point	Change	Day's bid/ask	Day's bid/ask	One month	Three months	One year	Bank of England
Europe	19.0017	+0.0009	0.0009	0.0009	18.9046	18.9046	18.9046	18.9046
Australia	1.6030	+0.0001	0.0001	0.0001	1.5992	1.5992	1.5992	1.5992
Canada	1.7022	+0.0011	0.0011	0.0011	1.6974	1.6974	1.6974	1.6974
France	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Germany	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Greece	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
India	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Italy	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Japan	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
South Korea	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Spain	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Sweden	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Switzerland	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
UK	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
USA	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Mar 21	Closing mid-point	Change	Day's bid/ask	Day's bid/ask	One month	Three months	One year	J.P. Morgan
Europe	11.8493	-0.0027	0.0027	0.0027	11.8336	11.8336	11.8336	11.8336
Australia	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Canada	1.7022	+0.0011	0.0011	0.0011	1.6974	1.6974	1.6974	1.6974
France	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Germany	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Greece	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
India	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Italy	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Japan	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
South Korea	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Spain	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Sweden	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
Switzerland	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
UK	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598
USA	1.6598	+0.0001	0.0001	0.0001	1.6598	1.6598	1.6598	1.6598

CROSS RATES AND DERIVATIVES

EXCHANGE CROSS RATES

Mar 21	Open	Close	Change	High	Low	Est. vol	Open int.
Belgium	100	18.47	+0.00	18.46	18.46	1.85	4655
Denmark	100	8.07	+0.00	8.07	8.07	2.85	1.042
France	100	16.55	+0.00	16.55	16.55	1.10	2657
Germany	100	16.55	+0.00	16.55	16.55	1.10	2657
Italy	100	16.55	+0.00	16.55	16.55	1.10	2657
Netherlands	100	16.55	+0.00	16.55	16.55	1.10	2657
Norway	100	16.55	+0.00	16.55	16.55	1.10	2657
Portugal	100	16.55	+0.00	16.55	16.55	1.10	2657
Spain	100	16.55	+0.00	16.55	16.55	1.10	2657
Sweden	100	16.55	+0.00	16.55	16.55	1.10	2657
Switzerland	100	16.55	+0.00	16.55	16.55	1.10	2657
UK	100	16.55	+0.00	16.55	16.55	1.10	2657
Canada	100	16.55	+0.00	16.55	16.55	1.10	2657
USA	100	16.55	+0.00	16.55	16.55	1.10	2657

JAPANESE YEN FUTURES (¥M) Yen 12.5 per Yen 100

Mar 21	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	0.8942	0.8937	-0.0005	0.8938	0.8933	26,311	38,440
Sep	0.8942	0.8937	-0.0005	0.8938	0.8933	26,311	38,440
Dec	0.8942	0.8937	-0.0005	0.8938	0.8933	26,311	38,440

SWISS FRANC FUTURES (Sfr) Sfr 125,000 per Sfr

Mar 21	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	0.8942	0.8937	-0.0005	0.8938	0.8933	26,311	38,440
Sep	0.8942	0.8937	-0.0005	0.8938	0.8933	26,311	38,440
Dec	0.8942	0.8937	-0.0005	0.8938	0.8933	26,311	38,440

UK INTEREST RATES

LONDON MONEY RATES

Mar 21	Overnight	7 days	One month	Three months	Six months	One year
Interbank Sterling	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
Treasury Bills	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
Bank bills	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8
Discount Market	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8	5 1/8

THREE MONTH STERLING FUTURES (LFFE) £500,000 points of 100%

Mar 21	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	92.34	92.32	+0.01	92.35	92.31	2118	1884
Sep	92.34	92.32	+0.01	92.35	92.31	2118	1884
Dec	92.34	92.32	+0.01	92.35	92.31	2118	1884

SHORT STERLING FUTURES (LFFE) £500,000 points of 100%

Mar 21	Open	Close	Change	High	Low	Est. vol	Open int.
Jun	92.34	92.32	+0.01	92.35	92.31	2118	1884
Sep	92.34	92.32	+0.01	92.35	92.31	2118	1884
Dec	92.34	92.32	+0.01	92.35	92.31	2118	1884

EMS EUROPEAN CURRENCY UNIT RATES

Mar 21	Rate	Change	% of rate	% spread	Div.
Ireland	0.789078	+0.000001	-0.00001	1.17	55
Portugal	205.486	+0.000001	-0.00001	0.73	2.97
Finland	5.94584	+0.000001	-0.00001	0.83	2.83
Spain	166.388	+0.000001	-0.00001	0.97	1.24
Netherlands	2.20371	+0.000001	-0.00001	1.12	1.06
Denmark	7.46035	+0.000001	-0.00001	1.16	1.08
Germany	1.93627	+0.000001	-0.00001	1.21	0.98
Austria	13.7575	+0.000001	-0.00001	1.25	0.98
Belgium	36.7191	+0.000001	-0.00001	1.26	0.98
France	6.55958	+0.000001	-0.00001	1.26	0.98
Italy	1936.46	+0.000001	-0.00001	2.22	0.00

BASE LENDING RATES

Rate	% spread	Div.
11.27	55	
2.83	4	
1.24	-7	
1.00	-8	
1.08	-8	
0.99	-12	
0.95	-9	
0.95	-9	
0.40	-15	
0.00	-16	

Grading relative strength.
Descending shows the rate

Strike	Price	Apr	May
9650	0.17	0.16	
9675	0.01	0.02	
9700	0	0	

US TREASURY BILL FUTURE

Mar	94.74	94.75
Jun	94.62	94.62
Sep	94.38	94.38

At Open Interest figs. are for previous

Strike	Price	Apr	May
9650	0.17	0.16	
9675	0.01	0.02	
9700	0	0	

EUROMARK OPTIONS (L)

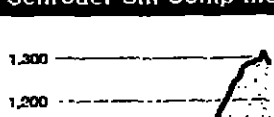
UNIT TRUSTS

WINNERS AND LOSERS

TOP FIVE OVER 1 YEAR

Johnson Fry Slater Growth	1,490
Gartmore UK Smaller Companies	1,365
Abbey Latin American	1,335
WalWest UK Smaller Cos	1,306
Schroder Smaller Companies Inc	1,295

Schroder Sm Comp Inc



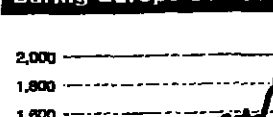
BOTTOM FIVE OVER 1 YEAR

Old Mutual Thailand Acc	478
Baring Korea	569
Save & Prosper Korea	580
Schroder Seoul	596
F&G Japanese Smaller Cos	601

TOP FIVE OVER 3 YEARS

Jupiter European	1,898
PM North America Growth	1,882
Hill Samuel US Smaller Cos	1,811
Edinburgh North American	1,801
Baring Europe Select	1,801

Baring Europe Select



BOTTOM FIVE OVER 3 YEARS

Save & Prosper Korea	428
Govett Japan Strategy	474
Five Arrows Japan Smaller Cos	484
Fidelity Japan Smaller Cos	485
Edinburgh Japan Smaller Cos	512

TOP FIVE OVER 5 YEARS

Mercury Gold & General	3,538
HSBC Hong Kong Growth	3,548
Hill Samuel UK Emerging Cos	3,447
Jupiter Income	3,350
GT Orient Acc	3,295

M&G Japan & General



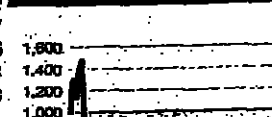
BOTTOM FIVE OVER 5 YEARS

Govett Japan Strategy	792
Friends Prov Japanese Sm Cos	811
Fidelity Japan Smaller Cos	836
Bardays Uni Japan Inc	852
M&G Japan & General Acc	879

TOP FIVE OVER 10 YEARS

HSBC Hong Kong Growth	5,222
Hill Samuel US Smaller Cos	5,747
F&G US Small Companies	5,456
Gartmore Hong Kong	5,443
Friends Prov Australian	5,033

Waverley Australasian Gold



Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

Source: HSW (01625 511311)

Indices	1 year (%)	3	5	10	Volatility	Yield%
Average Unit Trust	1038	1177	1834	2339	3.3	2.5
Average Investment Trust	1156	1237	2175	2848	4.6	4.6
Bank	1032	1112	1817	2317	0.0	4.3
Building Society	1091	1113	1225	1886	0.0	4.0
Stockmarket: FTSE All-Share	1185	1442	2115	2857	3.0	3.6
Inflation	1028	1083	1133	1535	0.4	-

UK Growth	1 year (%)	3	5	10	Volatility	Yield%
Johnson Fry Slater Growth	1490	1788	2512	-	3.6	0.9
Jupiter UK Growth	1774	1707	3086	-	3.3	1.8
Credit Suisse Fellowship Inc	1124	1574	-	-	3.2	1.1
Parpetual UK Emptort	1155	1549	2845	-	2.9	2.2
Sarwa UK Growth	1080	1421	2138	-	3.1	1.8
SECTOR AVERAGE	1119	1306	1967	2299	3.1	1.8

UK Growth & Income	1 year (%)	3	5	10	Volatility	Yield%
Fleming Select UK Income	1218	1451	2128	2616	3.1	3.4
Fidelity UK Dividend Growth	1145	1443	-	-	3.1	2.3
Parpetual Income	1138	1442	2476	2818	2.8	2.6
Lazard UK Income & Growth	1128	1427	2015	2571	3.0	4.1
Gartmore UK Index	1189	1422	1993	-	3.1	3.0
SECTOR AVERAGE	1117	1283	1878	2451	3.0	2.7

UK Smaller Companies	1 year (%)	3	5	10	Volatility	Yield%
Gartmore UK Smaller Companies	1365	1769	2474	2552	3.5	0.2
Laurence Keen Smaller Cos	1214	1764	-	-	3.2	1.1
AES Smaller Companies	1189	1672	2370	-	3.2	0.8
INVESTCO UK Smaller Companies	1256	1638	2736	2420	4.1	1.1
Schroder Smaller Companies Inc	1295	1584	2506	2463	3.2	1.0
SECTOR AVERAGE	1120	1275	2082	2228	3.1	1.4

UK Equity Income	1 year (%)	3	5	10	Volatility	Yield%
Jupiter Income	1210	1740	3350	-	2.9	4.0
Lazard UK Income	1145	1468	2229	3174	2.9	4.5
BWD UK Equity Income	1180	1414	2215	2589	3.0	3.5
River & Mercantile 1st Income	1138	1409	2250	-	3.0	4.0
Royal Life High Income (Dis)	1143	1400	2071	2226	2.9	3.8
SECTOR AVERAGE	1110	1283	1960	2488	3.0	4.5

UK Equity & Bond Income	1 year (%)	3	5	10	Volatility	Yield%
Proffice Extra Income	1082	1280	1820	2383	2.6	4.5
Prudential Distribution Inc	1089	1278	-	-	3.1	5.3
UK Equity & Bond	1112	1277	-	-	3.3	6.2
Clear Mid Retirement Income Inc	1085	1244	1970	-	3.1	5.5
CIS UK Income	1102	1230	1840	-	2.5	4.1
SECTOR AVERAGE	1082	1170	1795	2084	2.5	5.4

UK Eq & Bd	1 year (%)	3	5	10	Volatility	Yield%
BWD Balanced Portfolio	1187	1478	2332	-	3.2	1.2
Parpetual High Income	1125	1374	2413	-	2.4	3.2
Credit Suisse High Income Port	1088	1357	2382	-	2.8	4.0
Henry Cooke Balanced	1082	1341	-	-	2.4	-
NPI UK Extra Income Inc	1100	1323	2139	-	2.6	3.0
SECTOR AVERAGE	1089	1278	1983	2429	2.7	3.2

Gilt & Fixed Interest	1 year (%)	3	5	10	Volatility	Yield%
Thomson Preference Inc	1077	1225	1774	2310	1.8	8.2
Abnvest Fixed Interest	1154	1194	2230	2604	2.0	8.7
Britannia Gilt & Fixed Int Inc	1071	1188	1848	-	1.6	8.1
M&G Gilt & Fixed Interest	1117	1183	1447	1827	2.1	8.4
Henderson Preference & Bond	1100	1182	1594	2086	1.5	8.1
SECTOR AVERAGE	1064	1113	1463	1952	1.8	8.5

International Equity Income	1 year (%)	3	5	10	Volatility	Yield%
GT International Growth	1059	1251	1984	2633	2.5	2.6
Martin Currie Int'l Income	1101	1234	2013	-	2.8	2.9
Dolphin Int'l Gilt & Income	1068	1194	1839	1762	2.9	2.2
M&G International Income	1044	1190	1887	2576	2.4	4.3
Mayflower Global Income	1053	1185	1812	2056	2.8	4.1
SECTOR AVERAGE	1057	1183	1846	2158	2.7	3.3

International Fixed Interest	1 year (%)	3	5	10	Volatility	Yield%
Baring Global Bond	1036	1165	1649	-	1.6	6.2
Mercury Global Bond Acc	996	1130	1484	-	1.7	4.9
Barclays Uni European Bond Inc	1088	1123	-	-	1.2	5.9
Old Mutual Worldwide Bond Inc	997	1110	1408	-	2.0	5.0
TSB International Income Inc	992	1087	1433	-	1.7	4.6
SECTOR AVERAGE	993	1026	1358	1627	1.9	5.3

International Equity & Bond	1 year (%)	3	5	10	Volatility	Yield%
Bank of Ireland Ex Mgd Growth	1097	1343	1988	-	2.4	2.9
Cazenove Portfolio	1063	1303	1857	-	2.1	2.1
Gartmore PS Long Term Balance	1097	1254	1942	-	2.5	2.6
NPI Worldwide Income Inc	1038	1240	1797	-	2.6	1.5
Fleming General Opportunities	1154	1238	-	-	2.9	3.2
SECTOR AVERAGE	1046	1164	1677	2145	2.3	2.5

International Growth	1 year (%)	3	5	10	Volatility	Yield%
Franklin Growth	940	1741	2224	-	7.0	-
Proffice Technology	896	1710	2149	4577	6.4	-
Save & Prosper Growth	1152	1571	2784	3543	3.1	1.7
Guinness Flight Global Privt	1169	1402	-	-	1.1	-
Scott Equitable Technology	980	1389	2137	3883	4.5	0.6
SECTOR AVERAGE	1025	1137	1785	2195	3.3	1.0

Nth America	1 year (%)	3	5	10	Volatility	Yield%
PM North America Growth	1078	1882	2908	4112	4.7	0.0
Hill Samuel US Smaller Co's	1063	1811	2739	3747	5.3	-
Edinburgh North American	1106	1801	2917	3256	3.5	0.6
Martin Currie North America	1129	1690	2490	2967	3.4	0.0
Royal Life United States	1129	1663	2746	3500	3.4	0.3
SECTOR AVERAGE	1055	1380	2057	2908	4.0	0.5

Europe	1 year (%)	3	5	10	Volatility	Yield%
Jupiter European	1261	1888	3098	-	3.4	0.2
Baring Europe Select	1236	1801	2719	3038	3.5	0.8
INVESTCO European Growth	1257	1688	2926	3036	3.5	-
Friends Prov European Gth	1146	1649	2396	-	2.7	-
INVESTCO European Small Cos	1192	1649	2681	2986	3.5	-
SECTOR AVERAGE	1103	1347	2044	2643	3.0	0.8

Japan	1 year (%)	3	5	10	Volatility	Yield%
GT Japan Growth	858	857	1297	1458	3.2	-
Martin Currie Japan	824	810	1514	-	4.7	-
Murray Japan Growth	789	803	-	-	4.3	0.2
Hill Samuel Japan Technology	757	788	1481	1907	5.4	0.5
Schroder Tokyo Inc	800	778	1466	2082	4.8	-
SECTOR AVERAGE	718	647	1111	1157	4.7	0.1

Far East Inc Japan	1 year (%)	3	5	10	Volatility	Yield%
Govett Greater China	1135	1151	2277	3270	4.3	-
Abnvest Pacific	898	1064	2043	3414	4.2	0.3
Thomson Oriental Income Inc	982	1007	1802	2338	3.6	3.6
Martin Currie Far East	965	997	1828	2351	4.4	0.2
Sun Alliance Far East	891	981	1745	1550	4.8	0.3
SECTOR AVERAGE	897	903	1719	2252	4.2	0.6

Far East ex Japan	1 year (%)	3	5	10	Volatility	Yield%
HSBC Hong Kong Growth	1292	1573	3548	5922	6.6	0.9
GT Orient Acc	1212	1414	3293	-	6.0	0.1
INVESTCO Hong Kong & China	1216	1298	2690	3819	6.4	0.5
Credit Suisse Orient Acc	1018	1269	-	-	6.2	-
HSBC Singapore & Malaysian Gth	970	1261	2517	-	6.8	-
SECTOR AVERAGE	981	1037	2167	3820	5.5	0.6

Commodity & Energy	1 year (%)	3	5	10	Volatility	Yield%
M&G Australasian & General Acc	1155	1298	2130	1808	5.3	1.7
M&G Commodity & General	1080	1256	2282	2555	4.5	0.3
Save & Prosper Gold & Expt'n	871	1127	2618	1911	8.6	-
Save & Prosper Commodity	946	1088	1909	2227	5.5	-
Mercury Gold & General	780	1033	3588	-	7.1	0.4
SECTOR AVERAGE	910	1044	2232	1764	5.8	0.5

Best Peps	1 year (%)	3	5	10	Volatility	Yield%
Jupiter European	1261	1888	3098	-	3.4	0.2
Johnson Fry Slater Growth	1490	1788	2512	-	3.6	0.9
Gartmore UK Smaller Companies	1365	1769	2474	-	3.5	0.2
Jupiter Income	1210	1740	3350	-	2.9	4.0
Jupiter UK Growth	1774	1707	3086	-	3.3	1.8
AVERAGE UT PEP	1089	1270	1999	-	2.9	2.8

Money Mkt	1 year (%)	3	5	10	Volatility	Yield%
M&G Treasury	1047	1140	-	-	0.1	5.9
Midland Money Market	1044	1139	1250	-	0.1	5.2
Newton Cash Acc	1044	1138	1257	-	0.2	5.3
Lincoln Cash	1038	1135	1245	-	0.8	4.6
CU Deposit	1043	1134	1256	-	0.0	5.3
SECTOR AVERAGE	1038	1125	1237	-	0.2	5.3

■ Investment Trust Units						
Quilter Investment Trusts Inc	1169	1313	2455	-	3.4	0.6
Quilter High Inc Inv Trst Acc	1183	1253	-	-	2.9	3.4
M&G Fund of Investment Trusts	1099	1200	2080	2878	3.4	1.3
Equitable Trust of Invest Tats	1076	1191	2168	3009	2.9	1.4
Singer & Friedlander Inv Tr Pf	1094	1188	-	-	2.7	2.3
SECTOR AVERAGE	1075	1162	1980	2448	3.0	2.2

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• NOTES:
Gross: Contractual rate of interest payable, not taking account of the deduction of basic rate income tax.
Net: Rate of interest payable after allowing for deduction of basic rate income tax.
Gross CARR: Gross rate annualised to take account of compounding of interest paid after then once a year, "Compounded Annual Rate".

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FT MANAGED FUNDS SERVICE

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1. **General Information**
 Name: [Name]
 Address: [Address]
 City: [City] State: [State] Zip: [Zip]
 Phone: [Phone]
 Date: [Date]

2. **Subject**
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3. **Summary**
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4. **Details**
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5. **Conclusion**
 [Conclusion]

6. **References**
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7. **Appendix**
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8. **Notes**
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10. **Comments**
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INVESTMENT TRUSTS - Cont.

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日期	姓名	性别	年龄	职业	住址	电话	备注
1980.1.1	张三	男	45	工人	XX路XX号	1234	
1980.1.2	李四	女	38	教师	XX路XX号	5678	
1980.1.3	王五	男	52	干部	XX路XX号	9012	
1980.1.4	赵六	女	41	医生	XX路XX号	3456	
1980.1.5	孙七	男	35	学生	XX路XX号	7890	
1980.1.6	周八	女	28	护士	XX路XX号	1357	
1980.1.7	吴九	男	55	农民	XX路XX号	2468	
1980.1.8	郑十	女	48	售货员	XX路XX号	8013	
1980.1.9	冯十一	男	32	工程师	XX路XX号	4569	
1980.1.10	陈十二	女	25	会计	XX路XX号	6781	
1980.1.11	林十三	男	60	退休	XX路XX号	0123	
1980.1.12	黄十四	女	50	作家	XX路XX号	9876	
1980.1.13	徐十五	男	40	律师	XX路XX号	5432	
1980.1.14	马十六	女	30	记者	XX路XX号	1098	
1980.1.15	朱十七	男	20	实习生	XX路XX号	7654	
1980.1.16	李十八	女	18	高中生	XX路XX号	3210	
1980.1.17	王十九	男	15	初中生	XX路XX号	8765	
1980.1.18	赵二十	女	12	小学生	XX路XX号	4321	
1980.1.19	孙二十一	男	10	幼儿园	XX路XX号	9012	
1980.1.20	周二十二	女	8	托儿所	XX路XX号	5678	
1980.1.21	吴二十三	男	6	保姆	XX路XX号	1234	
1980.1.22	郑二十四	女	4	月嫂	XX路XX号	7890	
1980.1.23	冯二十五	男	2	保姆	XX路XX号	3456	
1980.1.24	陈二十六	女	1	保姆	XX路XX号	9012	
1980.1.25	林二十七	男	0	保姆	XX路XX号	5678	
1980.1.26	黄二十八	女	0	保姆	XX路XX号	1234	
1980.1.27	徐二十九	男	0	保姆	XX路XX号	7890	
1980.1.28	马三十	女	0	保姆	XX路XX号	3456	
1980.1.29	朱三十一	男	0	保姆	XX路XX号	9012	
1980.1.30	李三十二	女	0	保姆	XX路XX号	5678	
1980.1.31	王三十三	男	0	保姆	XX路XX号	1234	
1980.2.1	赵三十四	女	0	保姆	XX路XX号	7890	
1980.2.2	孙三十五	男	0	保姆	XX路XX号	3456	
1980.2.3	周三十六	女	0	保姆	XX路XX号	9012	
1980.2.4	吴三十七	男	0	保姆	XX路XX号	5678	
1980.2.5	郑三十八	女	0	保姆	XX路XX号	1234	
1980.2.6	冯三十九	男	0	保姆	XX路XX号	7890	
1980.2.7	陈四十	女	0	保姆	XX路XX号	3456	
1980.2.8	林四十一	男	0	保姆	XX路XX号	9012	
1980.2.9	黄四十二	女	0	保姆	XX路XX号	5678	
1980.2.10	徐四十三	男	0	保姆	XX路XX号	1234	
1980.2.11	马四十四	女	0	保姆	XX路XX号	7890	
1980.2.12	朱四十五	男	0	保姆	XX路XX号	3456	
1980.2.13	李四十六	女	0	保姆	XX路XX号	9012	
1980.2.14	王四十七	男	0	保姆	XX路XX号	5678	
1980.2.15	赵四十八	女	0	保姆	XX路XX号	1234	
1980.2.16	孙四十九	男	0	保姆	XX路XX号	7890	
1980.2.17	周五十	女	0	保姆	XX路XX号	3456	
1980.2.18	吴五十一	男	0	保姆	XX路XX号	9012	
1980.2.19	郑五十二	女	0	保姆	XX路XX号	5678	
1980.2.20	冯五十三	男	0	保姆	XX路XX号	1234	
1980.2.21	陈五十四	女	0	保姆	XX路XX号	7890	
1980.2.22	林五十五	男	0				

1990

Stock	Price	1967-68 High	Low	Vol	Div	Div Yield
1st Nat Bank of NY	100	100	98	100	1.00	1.00
2nd Nat Bank of NY	100	100	98	100	1.00	1.00
3rd Nat Bank of NY	100	100	98	100	1.00	1.00
4th Nat Bank of NY	100	100	98	100	1.00	1.00
5th Nat Bank of NY	100	100	98	100	1.00	1.00
6th Nat Bank of NY	100	100	98	100	1.00	1.00
7th Nat Bank of NY	100	100	98	100	1.00	1.00
8th Nat Bank of NY	100	100	98	100	1.00	1.00
9th Nat Bank of NY	100	100	98	100	1.00	1.00
10th Nat Bank of NY	100	100	98	100	1.00	1.00
11th Nat Bank of NY	100	100	98	100	1.00	1.00
12th Nat Bank of NY	100	100	98	100	1.00	1.00
13th Nat Bank of NY	100	100	98	100	1.00	1.00
14th Nat Bank of NY	100	100	98	100	1.00	1.00
15th Nat Bank of NY	100	100	98	100	1.00	1.00
16th Nat Bank of NY	100	100	98	100	1.00	1.00
17th Nat Bank of NY	100	100	98	100	1.00	1.00
18th Nat Bank of NY	100	100	98	100	1.00	1.00
19th Nat Bank of NY	100	100	98	100	1.00	1.00
20th Nat Bank of NY	100	100	98	100	1.00	1.00
21st Nat Bank of NY	100	100	98	100	1.00	1.00
22nd Nat Bank of NY	100	100	98	100	1.00	1.00
23rd Nat Bank of NY	100	100	98	100	1.00	1.00
24th Nat Bank of NY	100	100	98	100	1.00	1.00
25th Nat Bank of NY	100	100	98	100	1.00	1.00
26th Nat Bank of NY	100	100	98	100	1.00	1.00
27th Nat Bank of NY	100	100	98	100	1.00	1.00
28th Nat Bank of NY	100	100	98	100	1.00	1.00
29th Nat Bank of NY	100	100	98	100	1.00	1.00
30th Nat Bank of NY	100	100	98	100	1.00	1.00
31st Nat Bank of NY	100	100	98	100	1.00	1.00
32nd Nat Bank of NY	100	100	98	100	1.00	1.00
33rd Nat Bank of NY	100	100	98	100	1.00	1.00
34th Nat Bank of NY	100	100	98	100	1.00	1.00
35th Nat Bank of NY	100	100	98	100	1.00	1.00
36th Nat Bank of NY	100	100	98	100	1.00	1.00
37th Nat Bank of NY	100	100	98	100	1.00	1.00
38th Nat Bank of NY	100	100	98	100	1.00	1.00
39th Nat Bank of NY	100	100	98	100	1.00	1.00
40th Nat Bank of NY	100	100	98	100	1.00	1.00
41st Nat Bank of NY	100	100	98	100	1.00	1.00
42nd Nat Bank of NY	100	100	98	100	1.00	1.00
43rd Nat Bank of NY	100	100	98	100	1.00	1.00
44th Nat Bank of NY	100	100	98	100	1.00	1.00
45th Nat Bank of NY	100	100	98	100	1.00	1.00
46th Nat Bank of NY	100	100	98	100	1.00	1.00
47th Nat Bank of NY	100	100	98	100	1.00	1.00
48th Nat Bank of NY	100	100	98	100	1.00	1.00
49th Nat Bank of NY	100	100	98	100	1.00	1.00
50th Nat Bank of NY	100	100	98	100	1.00	1.00
51st Nat Bank of NY	100	100	98	100	1.00	1.00
52nd Nat Bank of NY	100	100	98	100	1.00	1.00
53rd Nat Bank of NY	100	100	98	100	1.00	1.00
54th Nat Bank of NY	100	100	98	1		

Police Ct. Adm. Div.	100	100	100
Property Div.	100	100	100
Public Affairs	100	100	100
Training Academy	100	100	100
Police Ct. Adm. Div.	100	100	100
Property Div.	100	100	100
Public Affairs	100	100	100
Training Academy	100	100	100

10	178	6.9	71.8
11	2.5	20.7	6.4
12	3.3	23.2	21.1
13	4.2	18.9	13.3
14	5.1	25.4	25.4
15	6.2	20.8	6.1
16	7.3	10.1	4.3
17	8.4	20.5	2.5
18	9.5	12.2	0.3
19	10.6	28.4	0.2
20	11.7	19.2	2.5
21	12.8	20.9	2.3
22	13.9	49.0	0.3
23	15.0	117.3	0.3
24	16.1	255.5	0.3
25	17.2	313.4	0.3
26	18.3	36.5	1.0
27	19.4	65.2	1.5
28	20.5	200.0	1.0
29	21.6	110.0	1.2
30	22.7	12.0	0.3
31	23.8	6.1	0.2
32	24.9	12.2	0.3
33	26.0	60.0	7.0
34	27.1	12.0	1.4
35	28.2	117.2	2.5
36	29.3	76.7	0.7
37	30.4	231.5	1.3
38	31.5	128.0	3.4
39	32.6	107.7	2.9
40	33.7	115.0	2.9
41	34.8	207.5	2.8
42	35.9	18.7	0.2
43	37.0	37.4	7.6
44	38.1	124.0	21.5

THE

[illegible]

ENGINEERING - Cont.

Company	1989/90	1988/89	1987/88	1986/87	1985/86	1984/85	1983/84	1982/83	1981/82	1980/81	1979/80	1978/79	1977/78	1976/77	1975/76	1974/75	1973/74	1972/73	1971/72	1970/71	1969/70	1968/69	1967/68	1966/67	1965/66	1964/65	1963/64	1962/63	1961/62	1960/61	1959/60	1958/59	1957/58	1956/57	1955/56	1954/55	1953/54	1952/53	1951/52	1950/51	1949/50	1948/49	1947/48	1946/47	1945/46	1944/45	1943/44	1942/43	1941/42	1940/41	1939/40	1938/39	1937/38	1936/37	1935/36	1934/35	1933/34	1932/33	1931/32	1930/31	1929/30	1928/29	1927/28	1926/27	1925/26	1924/25	1923/24	1922/23	1921/22	1920/21	1919/20	1918/19	1917/18	1916/17	1915/16	1914/15	1913/14	1912/13	1911/12	1910/11	1909/10	1908/09	1907/08	1906/07	1905/06	1904/05	1903/04	1902/03	1901/02	1900/01	1899/00	1898/99	1897/98	1896/97	1895/96	1894/95	1893/94	1892/93	1891/92	1890/91	1889/90	1888/89	1887/88	1886/87	1885/86	1884/85	1883/84	1882/83	1881/82	1880/81	1879/80	1878/79	1877/78	1876/77	1875/76	1874/75	1873/74	1872/73	1871/72	1870/71	1869/70	1868/69	1867/68	1866/67	1865/66	1864/65	1863/64	1862/63	1861/62	1860/61	1859/60	1858/59	1857/58	1856/57	1855/56	1854/55	1853/54	1852/53	1851/52	1850/51	1849/50	1848/49	1847/48	1846/47	1845/46	1844/45	1843/44	1842/43	1841/42	1840/41	1839/40	1838/39	1837/38	1836/37	1835/36	1834/35	1833/34	1832/33	1831/32	1830/31	1829/30	1828/29	1827/28	1826/27	1825/26	1824/25	1823/24	1822/23	1821/22	1820/21	1819/20	1818/19	1817/18	1816/17	1815/16	1814/15	1813/14	1812/13	1811/12	1810/11	1809/10	1808/09	1807/08	1806/07	1805/06	1804/05	1803/04	1802/03	1801/02	1800/01	1799/00	1798/99	1797/98	1796/97	1795/96	1794/95	1793/94	1792/93	1791/92	1790/91	1789/90	1788/89	1787/88	1786/87	1785/86	1784/85	1783/84	1782/83	1781/82	1780/81	1779/80	1778/79	1777/78	1776/77	1775/76	1774/75	1773/74	1772/73	1771/72	1770/71	1769/70	1768/69	1767/68	1766/67	1765/66	1764/65	1763/64	1762/63	1761/62	1760/61	1759/60	1758/59	1757/58	1756/57	1755/56	1754/55	1753/54	1752/53	1751/52	1750/51	1749/50	1748/49	1747/48	1746/47	1745/46	1744/45	1743/44	1742/43	1741/42	1740/41	1739/40	1738/39	1737/38	1736/37	1735/36	1734/35	1733/34	1732/33	1731/32	1730/31	1729/30	1728/29	1727/28	1726/27	1725/26	1724/25	1723/24	1722/23	1721/22	1720/21	1719/20	1718/19	1717/18	1716/17	1715/16	1714/15	1713/14	1712/13	1711/12	1710/11	1709/10	1708/09	1707/08	1706/07	1705/06	1704/05	1703/04	1702/03	1701/02	1700/01	1699/00	1698/99	1697/98	1696/97	1695/96	1694/95	1693/94	1692/93	1691/92	1690/91	1689/90	1688/89	1687/88	1686/87	1685/86	1684/85	1683/84	1682/83	1681/82	1680/81	1679/80	1678/79	1677/78	1676/77	1675/76	1674/75	1673/74	1672/73	1671/72	1670/71	1669/70	1668/69	1667/68	1666/67	1665/66	1664/65	1663/64	1662/63	1661/62	1660/61	1659/60	1658/59	1657/58	1656/57	1655/56	1654/55	1653/54	1652/53	1651/52
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مجلسه

COMPANIES AND FINANCE

Analysts abandon robust expectations as company reveals sales growth has ground to a halt

Kodak share slide wipes \$3bn off value

By Richard Waters in New York

Shares in Eastman Kodak tumbled by 11 per cent yesterday morning, wiping \$3bn (\$1.8bn) from its stock market value, as the US photographic products company revealed that its sales growth had ground to a halt in the first two months of this year.

The news comes at a time when Wall Street is on heightened alert about the

general profits outlook for US companies, thanks in part to recent comments by Mr Alan Greenspan. The Federal Reserve chairman said that he did not believe US share prices were too high, provided companies were able to match the high expectations that existed for continued profits growth this year.

Kodak, one of the 30 companies in the Dow Jones Industrial Average, did not predict what effect the sales

slowdown would have on its earnings.

However, its shares plunged by 9%, to \$78, as analysts abandoned their earlier expectation that the company's earnings per share would continue their robust double-digit growth of the past two years.

The company said sales in the first two months of this year were "essentially flat" compared with the year before, due to the rise in the US dollar and lower selling

prices. Also, growth in the emerging markets, where sales of Kodak film have been rising at more than 10 per cent a year, had "moderated considerably".

However, Mr Harry Kavetas, chief financial officer, said the unexpected stalling in sales would not change the company's "fundamental operating plans and objectives".

The news appeared to reflect a successful onslaught by Fuji, Kodak's

arch rival, on photographic film markets around the world, said Mr Alex Henderson, an analyst at Prudential Securities in New York. Fuji's push, which was aided by the fall of the yen against the dollar, appeared to have enabled it to seize an extra 3 percentage points of film sales in the US in recent weeks, he added.

The dollar's appreciation has also eaten into Kodak's reported sales from outside the US - an effect that will

be echoed by other US-based multinational companies when they begin reporting first-quarter earnings in around a fortnight's time.

Despite a handful of profits warnings from other US companies in recent days, there has been less negative news on earnings than is normally the case just before a quarterly reporting season, said Mr Charles Hill, research director of First Call, which monitors earnings expectations.

Charter unveils £385m agreed bid for Howden

By Ross Tienan

Charter, the UK conglomerate, yesterday launched an agreed £385m (£242m) cash and shares offer for Howden, the engineering group.

The bid came a week after heavy trading in Howden's shares sparked speculation that a bid was in the offing. Shares in Charter rose 60p to 847½p as investors responded with enthusiasm.

Shares in Howden rose 36½p to 128½p, just below Charter's 130½p terms.

Mr Jeffrey Herbert, chief executive of Charter, said Howden's core business of manufacturing industrial fans, with annual sales of \$227m, was a world leader which would make an ideal "third leg" for his conglomerate. Charter is almost twice the size of its target, with sales of £233m last year. It has leading positions worldwide in the sale of welding products and railway track equipment.

Mr Herbert said Charter would conduct a careful review of prospects for Howden's drilling equipment and packaging and handling machinery divisions, with combined sales of £145m. Analysts suggested they could be sold.

Howden has worked hard to redress a reputation for being accident-prone. It had encountered problems with

contracts to supply power generation windmills and tunnel boring machines.

Mr Herbert said Charter had been stalking Howden for six months and his directors had examined 22 of its 50 factories worldwide. The deal would be earnings enhancing from the outset.

The takeover approach was made after bid speculation broke out on Monday.

According to Charter, Howden has a 25 per cent share of the world market for large industrial fans. But Mr Herbert said its operating margin was inferior to its rivals and had ample scope for improvement.

Charter, advised by Lazard Brothers, is offering three new Charter shares and £124.78 in cash for every 115 Howden shares.

To finance the deal, Charter, which has £36m of net cash, plans to take on £330m of borrowings, emerging with gearing of 60 per cent, and its share capital enlarged by 9 per cent.

The predator, which revealed a 2.97m stake in Howden, is believed to have bought a further 5m Howden shares in the market yesterday, taking its holding to 4.87 per cent.

With the exception of Mr Andrew McDowell, who is abroad, Howden directors, advised by Robert Fleming, have indicated they intend to recommend the offer.

Brisk trading and US turnaround buoy Johnson Group Cleaners

By Jane Martinson

Increased demand and a turnaround in the US helped Johnson Group Cleaners, the UK textile rental and dry cleaning group, lift underlying annual pre-tax profits 14 per cent to £18.7m (£9.7m).

Mr Terry Greer, who is to retire as chairman in May, said that the intensely competitive UK market for textile rentals could become easier this year because of recent consolidation in the industry.

He said the market had been extremely competitive over the past year but that recent acquisitions could have the effect of cutting overcapacity. "People have been competing with silly prices just to buy market share," he said. "Maybe this will bring some more consistent price policies."

Last year, Rentokil and Davis Services consolidated their leading market positions, partly through acquisition. Johnson believes it is the UK's third largest textile rental group with 14 per cent of the market.

Mr Richard Zerny, chief executive, said the current year had started "satisfactorily" in both the US and the UK. The company is in the process of rebranding some 600 UK dry cleaning outlets.

After exceptional, pre-tax profits rose 23 per cent to £18.7m (£15.4m) in the year to December 28. The 1996 figure was struck after a \$579,000 restructuring charge while some £109,000 was



Richard Zerny: currently rebranding some 600 dry cleaning outlets in the UK

gained in 1996 from a property disposal.

Sales rose almost 7 per cent to £184.4m (£172.5m) while operating profits rose 14 per cent to £20.5m (£17.8m).

In the US, the reorganisation helped cut overheads and lift operating profits 58 per cent to £3.4m on sales up 5 per cent to £57.2m.

Net debt of £28m gave gearing of 32 per cent, up

from 27 per cent last time. A second interim dividend of 8.5p makes a total to 11.5p, up 6 per cent. Earnings rose from 21.50p to 24.55p.

COMMENT

While Johnson deserves credit for its UK rebranding and US restructuring, it has also reaped the benefits of a pick-up in consumer confidence on both sides of the Atlantic. With pre-tax profits

of about £21m forecast for this year, the shares are trading on a forward multiple of about 11, a 30 per cent discount to the market. With the upside limited by intense competition in both parts of the company's business, this looks justified in spite of Mr Greer's confidence. However, a prospective dividend of 12.5p, yielding 5 per cent, helps make these shares worth holding on to.

Limelight kitchens side 'hit brick wall'

By Christopher Price

Mr Steve Cotter, chief executive of Limelight Group, which issued a profit warning this week, said yesterday he had "never seen such a turnaround in sales in such a short period".

Shares in the UK kitchens and bathrooms group fell 45 per cent earlier this week and it was forced to confirm a sharp decline in sales in the first 12 weeks of this year.

"The kitchens business

just hit a brick wall as soon as we opened after Christmas," Mr Cotter said. He believed the downturn was temporary. But in the meantime, the group was attempting to reduce costs and pursuing additional sales-led initiatives.

He stressed that the company had had no inkling during its flotation process in October and November that sales would have tumbled so dramatically. His remarks came as the group confirmed it had met the forecasts

made in its flotation prospectus for 1996, reporting a 24 per cent rise in operating profits to £16.65m.

Turnover rose 28 per cent last year to £171.6m. Pre-tax profits of £2.84m compared with losses of £1m. Earnings per share were 1.4p (1.1p losses).

On the timing of the profit warning, Mr Cotter added: "We would have dearly liked things to have been done in a more orderly fashion." Sales for the first 12 weeks of the new year were

down 11 per cent, with the Molen fitted kitchen business - which accounts for over half of group profits - declining by 24 per cent.

COMMENT

Like MFI two weeks ago, Limelight's management has no explanation for the slide in sales. This is worrying since it offers little insight into when the situation may start to improve. New sales and product offensives are planned, but any initiatives could be squashed by a rise

in interest rates. One think of light could be the potential unleashing of consumer spending by building society windfalls. Profit forecasts for the current year of about £15m put the shares on a prospective p/e of less than 9. This is a deep discount to both the sector and market. It represents not only the uncertain trading outlook, but also the credibility gap that exists for the management. But such a lowly rating may invite some speculative buyers.

Exceptionals hit Wace

By Christopher Price

The cost of closing and selling loss-making businesses and restructuring operations led to Wace, the UK printing group, reporting pre-tax losses of £3.04m (£3.94m) for 1996 against £20.6m profits.

Turnover at the group, which last year issued two profit warnings, rose 3 per cent to £322m. The pre-tax figure included an £8.2m charge for losses on disposals and £5.7m for restructuring costs. Profits before tax amounted to £11.9m (£24m).

Mr Trevor Grice, chief executive, said the year had been a challenging one, but that the benefits from the changes put in place should start to come through in the

second half of 1997. The outlook for 1998 was "very positive", he said.

The merging of the group's corporate packaging division into an integrated operation, prompted by the purchase last year of Perry Pickering cartons, was proceeding. Some £20m was being invested in the operation.

The group's other printing divisions also received investment to update machinery and techniques.

However, poor market conditions hampered sales growth and accelerated a disposal programme, which included the company's Glasgow print operation and rationalisation of its Chicago and Paris businesses.

Losses per share of 8.4p (earnings of 14.7p) were 5.3p

when adjusted for the exceptional items. A final dividend of 1.15p makes a 3p (5.85p) total. The shares were unchanged at 91½p.

COMMENT

Wace shares, which stood at 260p, a year ago, are on a prospective p/e of 15 times on analysts' 1997 profit forecasts of £12m. This puts them on a rating equivalent to the market and suggests that at least some investors have enough faith in the management to deliver after what has been a dreadful year. But while the investments look promising, some of the markets remain uncertain, particularly in corporate printing, which suggests the shares look fully valued.

CPL Aromas shares plunge to below float level

By Jane Martinson

Shares in CPL Aromas fell by more than a third yesterday, to below the float price two years ago, as the UK fragrances, flavours and ingredients company issued its third profits warning in a year.

The shares fell 70p to 120p - against a flotation price of 150p in June 1995 - as it blamed the strength of sterling and difficulties in overseas markets for the warning. Yesterday's share price fall valued the company at £15m (£23.5m) less than a quarter of its value a year ago.

Credit Lyonnais Laing, the house broker, cut forecasts from a pre-tax profit of £4m to a post-exceptional loss of £200,000 for the year to March 31.

Mr Eric Atkins, chief executive, indicated that the company had overstretched itself with an aggressive expansion policy after flotation.

It raised £5.5m in a 1-for-5 rights issue last February to finance the £5.8m acquisition of Du Crocq Aromatics, a Dutch company. The subsequent loss of a large contract was partly behind one of last year's profits warnings.

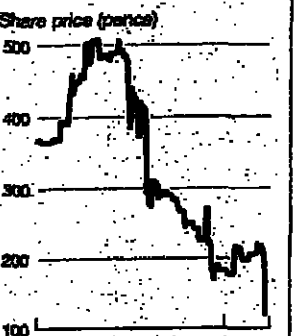
Exceptional provisions for this year will include a £2m

write-off to cover the capitalised development costs of Aromachem, the Teesside factory which the company built with £4m flotation proceeds. The company said a difficult trading environment could lead to trading losses at the plant this year.

The company is also to make a £1.5m exceptional restructuring charge, mainly for its disappointing overseas operations.

It also warned that a disappointing performance in its ingredients division, combined with the strength of the pound, would knock

£850,000 from trading profits. A total dividend of 4.8p is to be maintained. The founding Pickthall family owns 40 per cent of the company.



Source: Datastream

NEWS DIGEST

Newcastle gets priced at 135p

Newcastle United football club's stock offer has been oversubscribed and the price of the shares has been fixed at 135p, the club and its financial advisers, NatWest Markets, announced last night.

The price is at the upper limit of the 120p-135p indicated in last month's flotation documentation. This values Newcastle at £193m, making it the third biggest football club on the stock market after Manchester United and Chelsea. Trading in the shares begins on April 2.

Last night, the UK club, which had hoped to raise £47.4m net, said the share offer had raised £54m gross. "Indications of interest under the institutional offer significantly exceed the amount of the offer," it said. The 10% of the offer initially set aside for the retail offer - mainly for fans - had been oversubscribed about seven times, it added. "In view of this level of demand the retail offer will be increased to 15% of the offer." Full details of the basis of allocation will be announced on Monday.

The level of demand for the offer comes despite rumours in recent days that institutions might be wary, due to a recent fall in football share prices and Newcastle's future need for cash. There was also criticism of the lack of a profit forecast in the flotation information.

Chris Tighe

Capital corrects document

Capital Corporation yesterday put out a correction on its defence document against the £196m (£310m) hostile bid by London Clubs International at the request of the Takeover Panel.

The statement said the two groups had different methods of accounting on income from membership fees and catering revenues. Capital did not include this in its turnover figure. As a result, the document said the group had made profits of £33.08 per £100 of gambling win over the last four years, when the figure should have been £32.95. Three other figures were also overstated by small amounts.

Meanwhile shareholders in London Clubs unanimously backed the offer for Capital. Mr Alan Goodenough, chief executive, said the vote showed that shareholders had recognised "the compelling commercial logic" of the bid. But Mr Garry Nesbitt, chairman, said the offer was "dead in the water and their shareholders know that. All this vote does is keep their options open."

London Clubs is offering 47 of its shares for every 100 in Capital. At last night's close of 415½p, the offer values Capital's shares at 195p each, against a close of 209½p.

David Blackwell

Farlake director quits

Farlake Group announced yesterday that Mr Peter Leonard, group managing director for the past 10 months, had resigned all his offices to pursue other interests. The company, which buys and lets dwelling houses, is listed on AIM. Its shares fell 15p yesterday to 310p.

Mr Leonard joined Farlake from Friends Provident. Farlake said yesterday that personal reasons had played a part in his departure, but declined further comment.

Agreed offer for Phoenix

Co-operation Retirement Benefit Fund, an investment holding company, has made a recommended offer of 23p a share for the 23.8 per cent of Phoenix Timber Group not already owned by it. The offer values the supplier of specialist materials and services to the construction industry at £15.5m. Capital Partners, which holds 7 per cent of the shares, has agreed to accept the offer.

Phoenix shares rose 2½p to 22½p.

AEGON N.V., registered in The Hague, The Netherlands

FINAL DIVIDEND 1996

AEGON N.V. offers its shareholders the option to receive the final dividend for 1996 either entirely in cash, or entirely in stock to be paid out of the paid-in surplus or, if so requested, out of net income.

The proposed final dividend for 1996 in cash is NLG 1.61 per common share of NLG 1.00 par value. In view of AEGON N.V.'s strong capital base, the final dividend in cash will be between 2% to 5% higher than the value of the final dividend in stock. The number of dividend coupons, which will qualify for one new common share, will be in line with the value indicated - barring unforeseen circumstances - and will be based on the 27 May, 1997 average share price.

Compared to previous years, the period during which shareholders can choose between cash or stock has been revised. Shareholders are now requested to make their choice known within a period of 11 days after the Annual General Meeting (AGM). This period is set out in the timetable given below. The period will end on 28 May, 1997 and shareholders can indicate a choice up to the close of the Amsterdam Exchanges.

The final dividend will be submitted for approval to the AGM to be held on 15 May, 1997. The new shares will have full dividend rights for the 1997 fiscal year and subsequent years.

Trading in dividend coupons on the Amsterdam Exchanges will be discontinued.

Timetable for final dividend 1996:

15 May, 1997	AGM: Approval of the final dividend.
16 May, 1997	Ex-dividend quotation of AEGON shares.
16 May up to and including 26 May, 1997	Period of selection.
27 May, 1997	Determination of the number of No. 10 dividend coupons required in order to qualify for one new common share.
30 May, 1997	Payment of dividend and delivery of new common shares.

Holders of shares which are not held in custody, and who have opted for stock, will be given the opportunity to deliver the No. 10 dividend coupons, up to and including 26 May, 1997, to N.V. Nederlandsch Administratie- en Trustkantoor, Herengracht 420, 1017 BZ Amsterdam, The Netherlands. If no choice has been indicated by them within the above-mentioned period, the dividend will be payable in cash.

If those shareholders, whose shares are held in custody by a bank or a broker, do not indicate a preference for cash or stock within the selection period, the bank or broker will generally automatically select the stock dividend. Banks and brokers are requested to deliver the relevant dividend coupons to N.V. Nederlandsch Administratie- en Trustkantoor at the above address before the close of the Amsterdam Exchanges on 26 May, 1997. Shareholders who prefer to receive cash are requested to pass on their choice via their bank or broker to the principal paying agent ABN AMRO Bank N.V.

Delivery of new shares will be based solely on the total amount of No. 10 dividend coupons received by 26 May, 1997, accompanied, where applicable, by a payment of cash in lieu of any remaining fractions of a full share.

Notes: The above dividend payment procedure does not apply to holders of New York shares.

The Executive Board

The Hague, 22 March, 1997
50 Marishoeveplein

Flextech stake sold

By Raymond Snoddy

Hallmark, the US greetings card and media group, yesterday sold most of its stake in Flextech, the UK cable and satellite television channel company in a deal worth about £26m (£28m).

The company bought a 9.9 per cent stake in Flextech 18 months ago at 415p - since diluted to 6.6 per cent - and yesterday sold some 9m shares at 624½p to mainly UK institutions. The deal was set at a considerable discount to the market price and helped to push Flextech shares down 44p to 635p.

Flextech shares fell sharply this week following the long expected completion of the joint venture agreement with the BBC on launching as many as eight new television channels for the digital television market.

Flextech has got 15 years of access to the BBC programme library and future production, plus a further 15 years if both sides agree, in return for putting up £22m of equity finance and adding a primary credit of £80m, with further standby finance of £30m if needed.

The share price has dropped from 772p on March 14, partly on rumours that Mr Roger Luard, the chief executive, planned to sell a large tranche of his shares.

Privately, Flextech executives were pleased that Hallmark had agreed to sell - although there was surprise about the low price - so that more shares will be available for trading in the market.

Flextech, ultimately controlled by Tele-Communications of Denver, the largest US cable company, is still doing business with Hallmark Entertainment and recently signed a £14m programming deal.

Weekend March 22/March 23 1997

Bre-X shares on hold after gold field doubts

By Clay Harris in London

Shares in Bre-X Minerals, the small Canadian company which claims to have found the world's largest gold deposit, were suspended yesterday after an Indonesian newspaper cast doubt on the size of the exploitable reserves.

The newspaper, *Harian Ekonomi Negera*, said reserves at Busang, in the province of East Kalimantan on the island of Borneo, could be below the 71m ounces previously estimated by Bre-X. It added that the discovery might not be commercially viable.

The newspaper referred to a review by Freeport-McMoran Copper & Gold, the US mining company which plans to develop Busang and is now undertaking "due diligence". This includes testing the ore body.

In Calgary, Bre-X said Freeport had confirmed to its president, Mr David Walsh, that the investigation at Busang was proceeding and it had "not commented on the progress, to the press, in this regard".

Freeport said: "We have made no public report. We are not making any until the due diligence is completed."

The new doubts raised in Indonesia are the second potential setback this week to the Busang project, which had



Setback: David Walsh

already been the subject of lengthy political wrangling in Indonesia.

On Wednesday, Mr Michael de Guzman, Bre-X's chief geologist who helped to discover Busang, disappeared in mysterious circumstances on a helicopter flight to the site, where he was to meet the Freeport team.

Based on interviews with the pilot and engineer, police said Mr de Guzman, 40, had opened the rear door of the helicopter and jumped from a height of 800 feet. His body has not been found. Police said a suicide note, saying he was "giving up" life because of disease, was found in his bag.

Trading in Bre-X was halted in Toronto yesterday after only six minutes. During this time, the shares fell by C\$1.20 to C\$16.25. In New York, Freeport shares were down 5% to \$30.40 at 3pm.

Bre-X has previously publicly suggested that the 71m-ounce estimate of reserves was, if anything, too conservative. Interviewed by mining analysts last month, company officials hinted that the figure would be raised shortly to about 85m ounces.

Mr John Felderhof, senior vice-president for exploration, who had shared credit for the discovery of Busang with Mr de Guzman, went even further and said at the time he would be "comfortable" with an estimate of 300m ounces. Mr Felderhof was yesterday travelling to Indonesia.

After a long battle over ownership, Bre-X agreed last month to cut its stake from 90 per cent to 45 per cent, leaving 10 per cent to the Indonesian government and 50 per cent to two Indonesian companies controlled by Mr Mohamed Hasan, a confidant of President Suharto. Freeport will own the other 15 per cent if it signs a final agreement.

Both companies said on Thursday they expected the deal to be concluded on schedule by the end of March.

ABF has \$4.7bn to spend after Tesco deal

By Peggy Hollinger

Mr Garry Weston, chairman of Associated British Foods, said his company hoped to make a substantial acquisition in the next year, and could spend up to \$3bn (\$4.7bn) after yesterday's sale of its Irish supermarket chains for \$540m.

ABF will have net cash of about \$1.4bn after selling the supermarkets to Tesco, the UK's biggest supermarket operator. Mr Weston said the group was most likely to look for opportunities in the specialty sector such as sugar, starch or base materials for the pharmaceuticals industry.

He admitted that ABF was interested in the starch and fragrance businesses being sold by Unilever, but said they would "have a very high price" and stressed other potential acquisitions were also being examined.

Mr Weston, who turns 70 next month, also suggested for the first time he might retire from the board of his family-controlled company, where he has worked for 50 years. He said he expected to "carry on for a couple of years".

Tesco plans to invest \$100m in refitting some of the 109 stores it has purchased.

See Lex

THE LEX COLUMN

Liggett's smokescreen

Liggett's dramatic legal settlement does not spell doom for the tobacco industry. Its admission that smoking is addictive and can cause diseases appears damning. But in a lawyer's hands, addiction can be a slippery term. The US surgeon-general has warned since 1988 that cigarettes are addictive, yet this has not helped plaintiffs win in the courts. Similarly, even if the link between smoking and disease is now openly acknowledged, each litigant will still have to prove causation in his or her individual case.

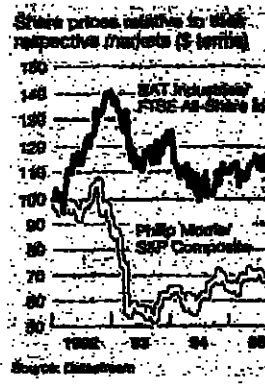
As one of the smallest US tobacco companies, Liggett also had more of an incentive to insulate itself from future claims, even at the cost of 26 per cent of future profits. Indeed, its decision to settle could be seen as a last, desperate attempt to prod one of its larger rivals to take it over in order to silence it.

All that explains the muted reaction among tobacco stocks yesterday. Nevertheless, shares in Philip Morris, RJR Nabisco and BAT Industries have lost 12-15 per cent in the past month. Longer term, therefore, the pressure on management to eliminate litigation worries remains considerable. In BAT's case, for instance, the stock market is in effect valuing its \$1bn of US tobacco profits at zero. Assume BAT agrees to give away 50 per cent of those profits to settle all cases - not just the ones with US states that Liggett has dealt with. If the other 50 per cent was then given a more normal rating, it would add around \$12.5bn (\$19.8bn) or 15 per cent to its market value.

FTSE Eurotrack 200:

4254.8 (-3.3)

Shares prices relative to their respective fundamentals (5 basis)



Source: Euromoney

include Poland's sugar mills, which are currently being privatised, or the corn milling business of CPC in the US.

A more intriguing idea would be a tilt at Tate & Lyle, whose record has been less than sparkling. ABF would have to sell on Tate's UK sugar business, and at more than \$3bn, including debt, the price tag could prove a bit of a stretch. But the real question is whether Mr Weston would care to launch what would almost certainly have to be a hostile bid.

For Tesco, meanwhile, yesterday's purchase allows it to leapfrog UK rivals to become Ireland's leading supermarket retailer. And at 50 per cent of sales, against 66 per cent for William Low, the price tag does not look extravagant.

Insurance businesses are suffering against bigger yet more pliable competitors. A trading profit margin of 1.9 per cent in 1996, the last reported period, is dismal. And even the bank, the one recent success in the sprawling portfolio, would surely do better on its own. Of course, the Co-op plays a social role as well. But if some proceeds from a bid went into a charitable trust, that role would be better served than by dwindling hand-outs from a declining business.

That said, Galileo, Mr Andrew Regan's takeover vehicle, looks an unlikely victor - its ownership structure is almost as complex as the CWS's. But now it has stuck the corporate spotlight on this arcane business, there are only two likely outcomes: either an outsider will buy it, or it will have to undergo a fundamental restructuring itself.

Radio spectrum

The prospect of loss of office concentrates the mind wonderfully. Hence, presumably, the wonderful range of privatisation schemes from Britain's Conservative government in recent weeks. The latest - the scheme to auction the airwaves - is no exception. Wacky though it may sound, the notion is compelling. An auction stands a far better chance than civil servants of allocating badly clogged spectrum to those who can make best use of it. And although big users like mobile phone groups would probably have to pay much more, they would also have a better chance of getting their hands on capacity in the first place.

The scheme would also raise cash for the government - according to the Tories, perhaps £1bn in the first instance. That figure, which probably errs on the side of caution, should be easily enough to get the opposition Labour party interested in the idea. Few means of cash-raising, after all, can be so easily defended on economic grounds.

But if the Tories have handed Labour a useful new policy on a plate, the ploy is that he has not been more radical. For one thing, the government is far too nervous of allowing secondary trading in spectrum. For another, its proposal that public sector users like the military need not take part in auctions is a cop-out. Such users should certainly pay a fair market price for space they take up; that way, they would have a powerful incentive to consider whether they need it.

Kodak shares fall on 'flat sales'

By Richard Waters in New York

Shares in Eastman Kodak fell by 11 per cent yesterday morning, wiping \$30m from its stock market value, as the US photographic products company revealed that its sales growth had halted in the first two months of this year.

The news comes as Wall Street is monitoring the general profits outlook for US companies, thanks in part to recent comments by Mr Alan Greenspan, chairman of the Federal Reserve.

Mr Greenspan said this month he did not believe US share prices were too high,

provided companies could match the expectations for profits growth this year.

Kodak, one of the 30 companies in the Dow Jones industrial average, did not predict what effect the sales slowdown would have on its earnings. But its shares plunged by 8% to \$78.75 by lunchtime as analysts abandoned their expectations of the company's earnings per share continuing their double-digit growth of the past two years.

The company said sales in the first two months of this year were "essentially flat" compared with the year before, because of the rise in the US dollar and lower selling prices.

Also, growth in the emerging markets, where sales of Kodak film have been rising at more than 10 per cent a year, had "moderated considerably".

Mr Harry Kavetas, chief financial officer, said the unexpected drop-off in sales would not change the company's "fundamental operating plans and objectives".

The news appeared to reflect a successful onslaught by Fuji, Kodak's arch-rival, on photographic film markets, said Mr Alex Henderson, an analyst at Prudential Securities in New York. Fuji's push, helped by the yen's fall against the dollar, appeared to have enabled it to seize an extra 3 per-

centage points of film sales in the US recently, he added.

The dollar's appreciation has also eaten into Kodak's reported sales from outside the US - an effect that will be echoed by other US-based multinational companies when they report first-quarter earnings.

Mr Charles Hill, research director of First Call, which monitors earnings expectations, said that despite some recent profits warnings from other US companies, there had been less negative news on earnings than was normally the case just before a quarterly reporting season.

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Markets latest

FTSE 100	4254.8	(-3.3)
Yield	5.7%	
FTSE Eurotrack 200	4254.8	(-3.3)
FTSE All-Share	3078.80	(-0.1%)
Nikkei	16,033.16	(-130.45)
New York: S&P 500	9902.35	(-18.15)
S & P Composite	785.73	(-10.08)
LONDON MONEY		
3-month interbank	6.1%	(same)
Life long gilt bid	4.10%	(4.10%)
US LUNDSHIRE RATES		
Federal Funds	5.4%	
3-month T-bill	5.35%	
Long Bond	6.5%	
Yield	5.95%	
NORTH SEA OIL (Argus)		
Brent Dated	\$9.18.00	(19.5)
WTI	\$9.18.00	(19.5)
GOLD		
New York Comex	\$353.00	(5.1)
London	\$351.75	(5.1)

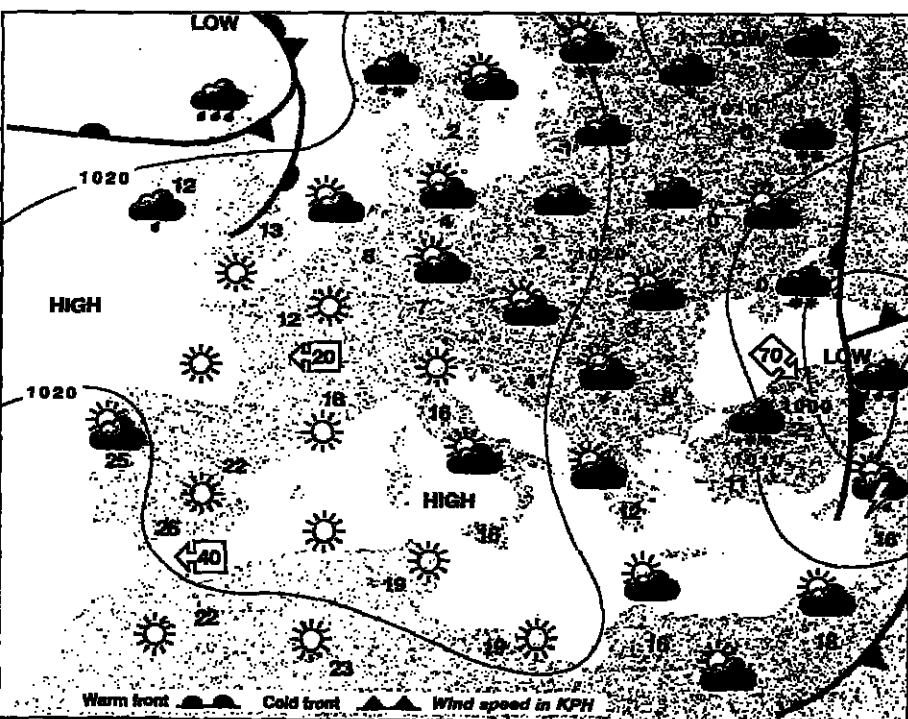
FT WEATHER GUIDE

Europe today

Rain will spread east across the northern UK towards southern Scandinavia, but central and southern areas of the UK will be dry. Southern England will be sunny. High pressure across central Europe from the Mediterranean to Scandinavia will bring dry, fine weather with bright sunny spells. The Iberian peninsula, western and southern France will be sunny. Elevated areas in southern Germany will be cloudy with patchy rain and snow. The Balkans will be cloudy with some rain or snow. Eastern and south-eastern Europe, especially western Turkey, will be cold and unsettled.

Five-day forecast

The south-west will stay fine and mild. The Adriatic area, the Balkans and Greece will turn unsettled after the weekend. Turkey will remain cold and wet. North-western Europe and the UK will be unsettled.



Warm front, Cold front, Wind speed in KPH

TODAY'S TEMPERATURES

Maximum	Belling	15
Minimum	Belling	12
Abu Dhabi	sun 25	25
Accra	sun 31	31
Algiers	sun 19	19
Amsterdam	sun 9	9
Athens	cloudy 11	11
Atlanta	sun 24	24
B. Aires	thund 30	30
Buenos	cloudy 12	12
Bangkok	show 37	37
Berlin	sun 17	17

Paris	12
Cardiff	11
Casablanca	24
Chicago	8
Cologne	23
Dakar	26
Dallas	34
Doha	27
Dubai	25
Dublin	12
Dubrovnik	11
Edinburgh	12

Faro	20
Frankfurt	18
Geneva	12
Gibraltar	19
Glasgow	8
Hamburg	19
Helsinki	1
Hong Kong	20
Honolulu	27
Islamabad	25
Jakarta	25
Jersey	10
Karachi	30
Kuala Lumpur	22
Las Vegas	21
Las Palmas	27
Lima	27
Lisbon	24
London	9
Luxembourg	7
Lyon	12
Madrid	19

Manila	28
Manchester	12
Medan	27
Melbourne	27
Mexico City	27
Miami	29
Moscow	1
Munich	10
Nairobi	22
Nassau	23
Nice	27
Nicosia	24
Oak	24
Paris	12
Perth	29
Prague	19

PRIME MINISTRY OF TURKISH REPUBLIC
WORLD BANK
DEIK-FOREIGN ECONOMIC RELATIONS BOARD OF TURKEY
YASED-FOREIGN INVESTORS ASSOCIATION OF TURKEY and
The Newspaper Sponsors
THE FINANCIAL TIMES
are pleased to announce the
CONFERENCE ON

PRIVATE PROVISION OF INFRASTRUCTURE IN TURKEY
"Project Finance and Privatization"
April 3-4, 1997
Çarşamba Palace Kempinski/ISTANBUL-TURKEY

The CONFERENCE, under the auspices of the Government of Turkey is organized by the World Bank, DEIK-Foreign Economic Relations Board of Turkey and Foreign Investors Association of Turkey (YASED), and is sponsored by the Financial Times and Finans Dnyasi. The Conference aims to promote the advent of private investment in infrastructural projects in Turkey and discuss privatization of Turkish institutions.

Besides plenary sessions in which investors will find the possibility to discuss with Turkish authorities the legal and administrative investment climate, the opportunities to invest, emerging projects, and World Bank's guarantees and contributions, workshops during the Conference comprising major government officials and Turkish investors will offer the investors the opportunity to discuss on specific infrastructural projects, primarily power generation, transportation, communications, marinas, and urban development projects and partnerships.

OPENING STATEMENT
H.E. Necmettin ERBAKAN, Prime Minister

KEYNOTE SPEAKERS
H.E. Fehim ADAK, Minister of State
H.E. Ufuk SOYLEMEZ, Minister of State
Jean-François Richard, Vice President, World Bank
Private Sector Development Group, World Bank
Mr. Yavuz CANEVI, Chairman of YASED

AND OTHER SPEAKERS INCLUDING
H.E. Recai KUTAN, Minister of Energy and Natural Resources
H.E. Ömer BARUTÇU, Minister of Transportation
H.E. Cevat AYHAN, Minister of Public Works and Settlement
H.E. Bahattin YÜCEL, Minister of Tourism

CLOSING STATEMENT
H.E. Tansu ÇİLLER, Deputy Prime Minister

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 (212) 227 61 53



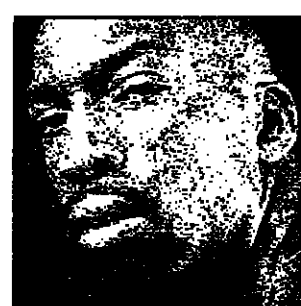
Ship's mate

'It was left to the crew of Star Flyer to hang a little floral tribute over the door of the ship's library.'



Balancing act

'It is not at all a philistine culture; there is a respect for learning and professional attainment.'



Man or Superman?

'Take the Olympics out of my career, have I not been successful? I've been very, very successful...'

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The getting-by society

It was when the Zairean official blocked my path physically, demanding proof that I had paid the tourism tax, that the situation turned from worrying to farcical. The Zaire Express airliner was refuelling, almost ready to leave Lubumbashi, capital of southern Shaba province, for the comparative calm of Johannesburg.

With the help of a "protocol" - the man bribed to hide the various officials who could complicate the departure of three western journalists - we had already successfully negotiated immigration, ducked a search by soldiers and resisted an attempt to make us pay for showing our vaccination certificates.

Now, a small, belligerent man was standing in front of the exit, claiming we needed a document showing we had paid a regional tourism levy. This in a country most tourists were warned to avoid long before last year's rebel uprising put it on the black-list of all but the most foolhardy travel agents.

It was time for the direct, physical approach. Brushing past the hands grabbing at our bags, ignoring a rising chorus of shouts, we plunged through the metal detector, into the departure lounge and on to the Tarmac. Fifteen minutes later, as the aircraft rose above the savannah, drawing away from the dilapidated city that was once the pride of the Belgians who colonised this vast central African nation, I could sigh with relief.

For the Zaireans left behind, and for too much of sub-Saharan Africa, there is no such easy escape. The anarchy at the airport was typical of an existence where daily survival depends on a willingness to hustle, cajole, threaten and persuade. If an official declares that you have committed a misdemeanour, and demands a *petit cadeau* in exchange for turning a blind eye, there is no higher court of appeal.

Little wonder, then, that the rebel followers of Laurent Kabila, an ageing revolutionary, are now in control of a fifth of the country and are being hailed as liberators. From the capital Kinshasa, where the Zaire river steams like a languid python towards the sea, to the diamond-laced gravel pits of Mbuji-Mayi and colonnaded streets of Lubumbashi, the universal refrain is "il est temps que ça change" (it is time for a change). It tells of ordinary Zaireans weary of a system in which they are always either predator or prey.

It was 32 years ago that Colonel Joseph-Désiré Mobutu, now stricken by prostate cancer in a Monaco hospital, seized power for his second and final time from the civilian government, filling a vacuum created by the Belgians' hasty withdrawal.

He and his cronies created a concept of the state as kleptocracy, sucking the proceeds from Zaire's extraordinary natural wealth - diamonds, gold, copper, cobalt, uranium, coffee - into foreign bank accounts.

As the state gradually collapsed under the weight of the abuses, unable to pay salaries or provide essential services, he also created a national habit - so



A Hutu refugee helps her daughter with an intravenous drip at a local hospital in Zaire

débrouiller - the French verb meaning "to get by". Zaire today is a nation of 45m *débrouillards*: wheeler-dealers adept at finding a path around apparently insurmountable obstacles.

So *débrouiller* - it is what the portly *maman*, sitting on the muddy lane known as Kinshasa's Wall Street, is doing as she trades bundles of the scorned "prostates" - the new Zaire notes nicknamed after the president's ailment - for dollars, making her margin on an ever-shifting exchange rate.

It is the skill of the urchin, skipping school to dangle a string of live crickets - a Zairean delicacy - under the noses of shoppers in the capital's teeming market. And it is the talent displayed by the designer suit and wrap-around sunglasses as he sips a *cappuccino* in the Hotel Intercontinental, talking loudly on a mobile phone.

The key, Zaireans have discovered, is to identify and exploit a competitive edge, any edge. For the soldier, often unpaid for months, that means selling his right to bear arms, hence the uniformed men that guard Kinshasa's restaurants and nightclubs, saluting smartly at arriving guests. It also means proffering the threat of violence, and often more than just the threat, at impromptu roadblocks.

For the civil servant, it means bartering access to the decision-makers who can authorise the issuing of a birth certificate, a property deed or a permit to visit a mineral zone. Thus, every bureaucratic procedure becomes a negotiation over

Michela Wrong, in Zaire, meets a people paying a high price for the country's corrupt officialdom

payments for services which are free, theoretically.

The systematic bribe-taking is condoned by Mobutu, the most *débrouillard* of them all. He once remarked: "Everything is for sale, everything is bought in our country. And in this trade, holding any slice of public power constitutes a veritable exchange instrument."

Where bribe-taking does not suffice, juggling several jobs becomes the only alternative. Zaire's dilapidated ministries, universities and hospitals empty at midday as the middle-classes abandon their desks, heading for small businesses, allotments, private clinics and colleges - their real sources of income.

It is in these alternative structures that optimists place their faith. For, while the crumbling of Zaire's state structures may seem cause for despair, embryonic civic organisations are filling the void, the green shoots of a new society sprouting from the ashes of the old.

The Mama Yemo hospital in Kinshasa is an institution where Zairean skill in triumphing over adversity is being channelled for the

good of the community. One of the biggest state hospitals in sub-Saharan Africa, it was once Mobutu's pride and joy. So much so, that he named it after his mother, whose bronze bust stands in one of the courtyards.

Once, Mama Yemo received almost 50 per cent of the health budget. Now, it gets virtually nothing. Officially, a doctor's salary is just 117,000 zaires - less than \$1 a month. In fact, he or she rarely sees even that.

"The situation in this hospital is a resume of the situation in the country as a whole," says Jean Baptiste Sondji, head surgeon. "We get nothing from anybody."

But the picture is not as dark as it first appears. Five years ago, the staff devised a system that would allow them to offer at least a minimum service, bypassing the authorities entirely. In all but the most urgent cases, patients, in theory, entitled to free treatment, are asked to arrive with everything they will need during their stay: surgical thread, anaesthetic, scalpel, gloves, plus an advance fee.

The money is split three ways, on the doctors, equipment and administrative costs. When the patients have no money, it is not

unknown for them to hand over possessions: a television or radio, items that can be resold. "Everyone realised things couldn't go on as they were, and that if we did nothing, no one else would," says Sondji.

As a result of the new arrangement, he earns \$100 a month, which he can live on thanks to his wife's company job. His colleagues make up their shortfall by simultaneously holding jobs in private clinics.

The situation remains far from ideal. Patients often die while waiting to gather the money needed for an operation and surgeons carry out amputations that would have been unnecessary in a western country where constant monitoring is available.

Sondji remains relentlessly upbeat. Something of an amateur fundraiser, he proudly shows visitors the new urology unit, donated by Kinshasa's wealthy Lebanese community.

A new ambulance and operating theatre, gifts from USAID, mean surgeons will no longer have to operate on the pavement, as they sometimes did when the old theatre was overrun.

Sondji is currently in talks with Zaire's petrol companies, negotiating a \$120,000

donation. "I want to spend it on installing mosquito nets, air-conditioning and partitions to separate female patients from male," he says. Whatever sobriquets employees use to describe Mama Yemo, the doctor is proud of the expertise on offer. "When the *mouvanciers* (members of President Mobutu's entourage) get sick they go to a private clinic for a diagnosis. But when they realise it is serious they will often come here. They know they will get better treatment."

□ □ □

The ingenuity being applied in Mama Yemo is taken to its logical extreme in Mbuji-Mayi, capital of east Kasai province. An opposition stronghold, Mbuji-Mayi has been neglected by the authorities since it was established in the 1980s by ethnic Kasaians, a persecuted minority.

It uses its own money, refusing to recognise the zaire note issued in 1993 by the central bank. But the chasm left by the government has been filled by the diamond-mining company, Société Minière de Bakwanga. Although mining firms traditionally played a paternalistic role in Africa, the extent of the company's involvement in every aspect of daily life is breath-taking.

Even residents who have no connection with the company drink water provided from its plant and use electricity from its turbines. They walk on roads built by it, send their children to its schools and are treated in its hospitals. The company has

opened a tiny university on the outskirts of town.

"We are in an environment where the state does not play its role," says Mukamba Kadiata Nzemba, the company's chief administrator. "Our role is to pro-

duce diamonds. But to do that we need men to work and their families must be cared for. If we didn't do this our population would criticise us. I'm a businessman but I am also a politician."

The company spends 8 per cent of its yearly budget on these facilities. Irritated executives say the extra costs, combined with what was until recently a crippling tax bill, has prevented the company from turning a profit for 10 years.

But Kinshasa could soon pay a high price for decades of neglect. Undeterred by the 80 per cent stake the government holds in the Société, Mukamba declared recently that he was ready to collaborate with the rebels once they captured Mbuji-Mayi.

□ □ □

As the daunting prospect of Mobutu's death and the break-up of the country looms, these examples of Zaireans getting on with their lives, having turned their backs on a discredited state, hold out the best hope for the future.

Zaireans currently regard Kabila as a Messianic figure who will deliver the country from its woes. But if the rebel leader seizes control of the entire country, he will find himself saddled with a huge, unwieldy state apparatus which has a momentum and logic all of its own.

There is the danger that Kabila - or whoever eventually replaces "the Great Helmsman", the title stolen from Mao Zedong - will be sucked into that system.

Decades of despotism have bred sullen passiveness among Zaireans. Complain about an official abuse and the standard response is a resigned shrug of the shoulders and the infuriating: "C'est le Zaire." (That's Zaire for you). The ingenuity is there to be mined, and until it is, this country at the heart of Africa will be content with the struggle of "getting by".

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PERSPECTIVES

The Nature of Things

Hale the blazing snowball

Both the loony fringe and scientists are dazzled by the comet's brightness, says Clive Cookson

Before the era of scientific astronomy, this would have been a year of ill omen, as the brightest comet in living memory blazed for months in the night skies. Now we can reassure ourselves that Comet Hale-Bopp is no more than a gigantic dirty snowball from outer space, trailing tails of gas and dust as it swoops through the inner solar system - and enjoy the spectacle from a safe distance.

When Hale-Bopp makes its closest approach to the Earth today it will still be 123m miles away. That is further away from us than the sun (93m miles).

But irrational ideas that comets are agents of doom are not dead yet; indeed the latest technology is helping to revive them. The loonier fringes of the Internet have been buzzing for months with stories that Hale-Bopp has changed course to head for the Earth and/or that a huge alien spacecraft is using the comet as cover for a voyage to explore the solar system. As usual UFOlogists are accusing NASA, the US space agency, of covering up vital evidence in this case pictures that show Hale-Bopp with a mysterious travelling companion.

More traditional apocalyptic voices are also responding. As long ago as December 1995, just after astronomers had first gone on record with statements that Hale-Bopp might put on a brilliant show early in 1997, the FT

received a faxed "world news flash" announcing: "Dazzling comet explosion will shock the whole world by April 1997. Cosmic Day of Judgment 1997! There will be a new political leader in Britain when the spectacular comet appears!" According to the release, Sister Marie Gabriel, a "visionary mystic", predicted these events in June 1985 - 10 years before US astronomers Alan Hale and Thomas Bopp discovered the comet that bears their names.

In fact, orthodox scientists were wary about predicting an astronomical show of the century from Hale-Bopp until a couple of months ago, because the brightness of a comet is notoriously unpredictable. They did not want to repeat the embarrassing mistake of 1973 when the much-hyped Comet Kohoutek turned out to be a sad anti-climax. The headline on this column last November expressed the uncertainty: "Climactic comet or April fool fizzle?"

Many FT readers will have seen the answer for themselves. After dark Hale-Bopp is already visible with the naked eye in the



Hale-Bopp comet, the bright light seen over Chautauque Lake in Barmen Point, New York

light pollution of London, and in rural areas it shines as brightly as anything in the night sky, except for the moon.

Hale-Bopp will probably continue to brighten until April 1,

its closest approach to the sun (86m miles), when solar heat will be driving off gas and dust most rapidly from the comet's frozen nucleus.

It will then fade gradually over

the following few weeks.

To view Hale-Bopp, it is essential to choose a clear night and highly advisable to choose somewhere well away from urban lighting. Under those conditions,

you cannot miss the comet and its magnificent tail if you look in a north-westerly direction in the evening or in a north-easterly direction in the early morning before dawn. (Although Hale-Bopp is visible throughout the hours of darkness, it dips down to a very low angle above the horizon in the middle of the night.)

If the conditions are not quite right - if, for example, there is still a ghastly orange glow from distant streetlights over the horizon - you may well feel a sense of mild anti-climax as you gaze at Hale-Bopp, and you may wonder why comets struck such awe into your pre-industrial ancestors.

Remember that nights really were darker then, and most people were far more personally aware of the stars and planets in the night sky than we are today. Remember, too, that people had not been "spoiled" by seeing a vast range of photographs and electronic images, moving and still, of heavenly bodies, real and imaginary. Compared with a science fiction movie, a planetarium show or even a good fire-

work display, a real comet could seem like a static splotch of dull white light.

Hale-Bopp and its tail cover such a wide field of view - about the same as two clenched fists held together at arm's length - that the overall effect is best appreciated with the naked eye or a pair of low-magnification binoculars. If you want to record the event for posterity, an ordinary SLR (single lens reflex) camera mounted on a tripod will give good results with fast film and an exposure of a minute or so.

Meanwhile, professional astronomers are focusing powerful telescopes on Hale-Bopp to investigate its detailed construction and composition. The most thoroughly studied comet so far is the famous Halley, which was observed by a fleet of spacecraft on its last visit in 1986. But Hale-Bopp is 10 times more active than Halley at its peak, and spectroscopic analysis has already revealed molecules not previously detected in a comet.

The material in comets is believed to be left over from the formation of the sun and its planets 4.5bn years ago. A vast number of potential comets, the so-called Oort cloud, remains deep frozen in the outer reaches of the solar system. Occasionally a passing star gives one of them a gravitational nudge that propels it towards the sun - converting the dirty snowball into a fiery comet.

Minding Your Own Business

The free card trick to success

Heather Farmbrough on a postcard advertising company hoping to deliver throughout Europe

In 1992, Mimmi Selin came to London from Stockholm, intending to stay for just a few months. Five years later, she has little intention of going home while her postcard advertising business, Cardguide, carries on growing.

The cards can be found in bars and restaurants in London, Edinburgh, Glasgow, Manchester and Leeds. They look like any other postcard on the front, usually with a striking visual image or a witty slogan. But on the back, taking up no more than a third of the left-hand side, is a company logo or slogan.

Each card is designed by an advertising agency for its client who advertises on the back of the card. Cardguide is paid a fee by the advertising agency to display their client's card for a month in a rack of 18. Customers take the cards for free.

Selin first thought about using postcards for advertising in February 1991 while working for the Swedish agency Riffi in Stockholm as a copywriter. Disillusioned with conventional advertising, she had been looking for a new way to reach the most elusive group of consumers - young, affluent high spenders, who are rarely at home and so difficult to reach with TV advertising. So with the help of a friend, Sanna Heyman, a former Ikea manager and Hennes buyer, Selin came up with the postcard idea.

"We wanted to reach these people in a relaxed atmosphere. That's when advertising is most effective - when we wanted postcards that people would take because they liked them," she says.

The Swedish creative directors they consulted were enthusiastic. Selin's only previous commercial

experience was running her own record company at 17 to sell her boyfriend's records. She sold just 200 and had to close the business. More cautious this time, she kept overheads low - just the telephone and the rent for a small office.

In June 1991, Koteguiden (the Swedish Cardguide) was launched. Selin and Heyman invested no money in the business. They persuaded the printers and couriers who restocked the racks to wait a month for payment until advertising space on the second batch of cards had been sold.

Initially 60 bars and restaurants in Stockholm agreed to stock the racks. Within days they were empty. With the £2,000 profit made from the first month's sales they set up the company as an AB (Swedish limited company). They have refused to borrow any money for the business; everything comes out of cashflow. After just six months, racks went up in Gothenburg; after a couple of years, in Malmö and Lund.

In May 1992, Selin and Heyman decided the next step for the company was expansion overseas and they targeted London. Selin arrived in the UK in November 1992 to set up Cardguide as a separate company with £100,000 borrowed from the Swedish parent. She envisaged establishing the operation, getting it going and then returning to Sweden.

It wasn't hard to find restaurants and bars willing to take the racks - the initial 50 included Bar Italia in Soho, Cibo in Holland Park and the new Fifth Floor restaurant at Harvey Nichols. The advertising agencies were another matter, taking more persuasion than Selin had anticipated.

"I didn't know anyone, whereas in Stockholm everyone knows everyone. I wasn't used to the split between creative and media departments in advertising agencies. For each client, I had to speak to four or five people. I would call and leave messages and the calls were never returned."

However, she persisted and started calling creative directors after their secretaries had gone home to make sure she caught them. Her English was reasonable, but by no means perfect. However, she believes being Swedish was an advantage.

"We are much more direct. I didn't waste time writing letters and so on. Then I was lucky. I called John Hegarty, creative director at Bartle Bogle Hegarty. He knew someone I knew in Sweden and was very friendly. Although it was a while before one of his clients, Levi Jeans, used the cards, his endorsement helped."

The first racks in the UK appeared in November 1992, with only four of the spaces sold. Selin filled the rest with cards specially commissioned from designers, illustrators and photographers. In the newly opened Fifth Floor restaurant at Harvey Nichols, the cards were so popular that the racks had to be filled each day, prompting the store to install a post-box and start selling stamps.

But by the end of the first year, Cardguide was still losing money and had used all the £100,000 borrowed from Sweden. Cardguide, Selin says, there was no question of returning to Sweden though - the idea simply took longer to catch on.

"The English public was very suspicious," Selin recol-



Mimmi Selin: 'I was in a store and saw a man putting cards in a rack just like ours. He had taken our idea...'

lects. "They couldn't believe the cards were free." Although many of the initial clients were record companies which wanted to promote new artists and releases, others included Royal Mail, which bought spaces for the whole of the first year. Pretty Polly, Carlton TV, radio companies and drinks manufacturers. The client list gradually grew to include fashion and fragrance companies such as

Bally, Paul Smith and The Gap and now totals 200 companies.

By the end of 1994, UK Cardguide had moved into profit and in the following year, Selin and her three employees moved into larger offices in Soho.

In 1995, racks were established in Edinburgh and Glasgow. Last year Leeds and Manchester were added. Printing and distribution costs are £3,600 a month for

45,000 cards, reaching 90 different venues in London or 55,610 for 95,000 cards in 190 venues in all five UK cities. In the last financial year to March 1996, Cardguide's turnover in England was £500,000 and roughly the same in Sweden. Profits in Sweden were around £115,000 but in England just £23,000. This year just ending turnover in both countries is expected to reach £720,000 and profits are fore-

cast at £200,000-£250,000. Profits have increased in the UK due to opening in Leeds and Manchester. For the year to March 1996, turnover is expected to reach £1m in both countries.

Cardguide's success has inevitably invited competition. In 1996, Selin was in New York, exploring yet another market for Cardguide.

"I was in a store and saw a man putting cards in a rack

just like ours. He had taken our idea - but there was nothing I could do. He was free to put his cards anywhere," she says.

Undeterred, Selin intends to expand into two new European countries and two more UK cities this year. "We haven't decided where exactly," she says, "but my dream is to be in all the major European cities - Brussels, Paris, Munich and so on."

Truth of the Matter / Sidney Brichto

Instructions for a do-it-yourself God

Voltaire said: "If God did not exist, we would have to invent him." This often quoted statement has hindered our perception of a deeper religious truth: if God does exist, we still have to invent him.

Each individual we encounter is our own invention, simply because he or she is, in reality, quite different from our own perception. However well we know our friends, our parents, our spouses and our children they appear differently to others and to themselves. If this variance is true of people we see and touch, how much more must it be true of the invisible presence we call God? The God posited by philosophers, the source of all reality - the prime mover - may be independent of us. But the God to whom we speak is the

God of our own invention. The concept of a moral ruler of the Universe was invented by the Judaeo-Christian movement and endorsed by Islam. It has motivated individuals to commitment and to self-sacrifice to achieve its moral objectives. It has led to remarkable achievements in politics, in the arts and sciences. A Promethean ethos born on Olympus and a Hebrew ethic born in Eden combined to make humanity rebellious against nature, and determined to manipulate, control and rule over her. At first, humans believed that this process

was in opposition to the gods. Finally, they convinced themselves that they were fulfilling God's will. "The heavens are the Lord's but the Earth He has given to the children of man." (Psalm 115:16)

Another important revolution was to stop seeing God as an arbitrary despot demanding animal and human sacrifices to satisfy his hunger for power. The prophetic God despises festivals but exults in human justice. Abraham gave God a moral lesson when He proposed to destroy the innocent along with the wicked in Sodom. "Will not the

Judge of all the earth act justly?" At the time of the Hebrew prophets, the Greeks were giving up their belief in gods who raped pretty women. Euripides has Electra declare with deep conviction: "Never more can we believe that there are gods, if impious wrongs triumph over justice."

The Greek gods, like the Hebrew God, were re-invented to promise good people that the wicked would be punished for their wickedness. The subject of theodicy, the vindication of God in spite of the presence of evil, was born when it became apparent that more

often than not it was the good who suffered and the best who suffered most.

The modern Judaeo-Christian God is a different invention. The moral but invisible God was too remote and had to be brought down to earth. In the tragedy of Jewish life, he became personified as a God who goes weeping into exile with his people. In Christianity, it is the Son of God or his mother Mary or the saints to whom believers relate. The nature of the gods we have invented will lead to different attitudes and actions. The God of St Francis of Assisi inspired gentleness; while the God of

the Templar Knights was not offended by the rivers of Jewish and Moslem blood his crusader heroes caused to flow.

Of course, the question must be asked: if God is an invention, does the invention exist? Aside from personal revelation or the acceptance of hearsay, we cannot know. On the assumption that God does exist we must still call him a human invention for the reasons I have given.

If we assume that God does not exist, does our invention of him matter? The answer must be "Yes". Martyrs and the victims of

holy wars demonstrate the enormous impact that the invention of God has had. But so, too, do the love of justice and compassion based on the belief that God created men equal, not to mention the countless individual lives which have been, and continue to be, touched, inspired, motivated and consoled by it.

Is it hypocritical to hold to a belief of which we have intellectual doubts because it gives us confidence, hope and a moral framework in which to live? Maybe. Yet I am convinced that the invention of a caring God is the most creative means of

sanctifying each individual life and of giving society a moral purpose.

When I present this thesis, I am asked: "But do you, rabbi, believe in God?" My honest reply must be: "I desperately believe in him, but I am not certain He exists." Believers need to accept that God's existence will only be proved at the end of history. Until then, they have no choice but to act with the faith that their descendants if not themselves will see that God was more than an invention but an inspired vision waiting to be realised.

Rabbi Dr Sidney Brichto is senior vice-president of the Union of Liberal and Progressive Synagogues.

PERSPECTIVES



Joe Rogaly

I spy with my little eye something...

... beginning with P. What could it possibly be in a UK election year? Surely not politics

Which would you rather talk about this fine weekend - pornography or the British constitution? Very well, you win. The constitution it will be. We must, however, begin with the other topic. For this week, the Communications Decency Act, which seeks to protect children from porn on the Internet, was challenged in the US Supreme Court. That tells us much about constitutions in general, and the superiority of the American over the British model in particular.

We need not confuse ourselves with the details of the US case. You might protest that the elected congress and president represent the people, so their benign censorship should prevail. You could argue, as does

the other side, that the act infringes the freedom of speech guaranteed by the US constitution. Who is right? Traversed by opposing squads of lawyers, the US system provides clear rules of engagement.

This is not to say that it is without fault. Franklin Roosevelt tried to pack the Supreme Court when, in 1936, the bench ruled that his social legislation was unconstitutional. President Roosevelt won that year's election. A few months later the same judges, in the same court, found in favour of a minimum wage, social security and other bits and pieces of the New Deal.

As you read this, convicted killers who might have been kept alive under earlier US high court decisions await execution. In the 1960s, when others (never

you nor I) were permissive, justice smiled on loose behaviour; today it is more conservative. It desegregated the schools, but has since wobbled on busing. In short, judges in every country are humans. They have principles. It is just that these are never eternal.

Britain, home of the mother of parliaments, has the judges, but not the US system of checks and balances. The government - the executive - decides what to do. The House of Commons usually assents. There is no place to go from there, no written-down charter of rights. If judges seek to intervene, they must invent technicalities, or cite European Union law. British courts have used these devices well. They have built up a case-history based network of administrative

law and, increasingly in recent years, sought to protect individuals from the executive.

When all else fails, British litigants may appeal to the European Convention on Human Rights, the court for which sits in Strasbourg. Alas, this apparently happy arrangement is flawed. It takes on average five or six years to get a hearing. The outgoing Conservative government does its best to ignore unfavourable results. It would be better to adopt the convention as part of British law.

The UK Labour party, which is expected to win the country's election on May 1, has undertaken to do so. Optimists might characterise a British bill of rights as the first page of a written constitution, and ready reference to its paragraphs as the

first step towards a Supreme Court. British voters should not, however, get over-excited. There are at least three ways of building human rights into the law of a country ruled by a sovereign parliament.

The least powerful, adapted from New Zealand, would provide that the bill of rights should be used as a tool of interpretation for the courts, and then only where possible. Next up is the Hong Kong method, which would say that the new rights count for more than existing laws. New legislation would not necessarily be covered, as there would be an escape clause. The strongest protection would be the Canadian charter, which obliges parliament to state openly that particular new statutes are intended to override

specified rights. Labour is expected to take the New Zealand route. It trumps its constitutional reforms as radical, but they amount to little more than a row of beans. The promise of a parliament for Scotland is something, but the proposed assembly looks more like the Glasgow city council writ large than the legislatures of Illinois or Quebec.

It is the same with Labour plans for modernising local government. We will not have strong local authorities while their budgets are controlled by the central Treasury. As to altering the voting system to proportional representation, I'll believe it when I see it. You could say that beans grow, that each of these steps will lead to greater things, a quasi-independent Scotland, perhaps, or permanent

coalition government. Even if that is true, the process is likely to be impermanent.

Meanwhile the next British government will enjoy as much untrammelled executive power as the outgoing one - more if you count Labour's plan to turn the House of Lords into a committee of grateful appointees. How Bill Clinton must envy that one! If he could send Friends of Bill to the senate and keep the friends of his predecessor in a minority, his life would be sweet. He could appoint anyone he liked to sit on the Supreme Court bench, with no danger of rejection. The Communications Decency Act would be safe.

In anticipation of that, we must rush to the Internet to search for something beginning with P. Politics, of course.

Lunch with the FT

Getting down to business with Superman

Pat Butcher meets a perfectionist, Michael Johnson, with a history of tummy trouble

It is a good job that Michael Johnson is not a superstitious man. The last time we shared a meal table, about 4½ years ago, there began a chain of events which led him to food poisoning and failure at the Barcelona Olympics, where he had been outstanding favourite to win gold in the 200 metres.

On that occasion, he was in London on his way to his final pre-Olympic competition in Salamanca, and voicing wariness of foreign food.

I blithely assured him that, in a score of trips to various parts of Spain, I had never encountered any gastric problems. I might as well have spiked his dish there and then. He ate or drank something that was more off than my advice, was violently ill for days, arrived in Barcelona several kilos lighter than the task required, and didn't get past the semi-finals.

As you will know, Johnson rectified matters in salutary fashion in Atlanta last year, becoming the first man in Olympic history to complete the 200m/400m "double", and setting a world record for the shorter distance of 19.32sec, a time which statisticians had reckoned would only be achieved circa 2025.

That pre-Barcelona meal had been in a hotel in Croydon, south London, not the most salubrious of places. But like his 200m record, the location and the man had changed almost beyond recognition when we dined in New York recently. Johnson was in town for the Millrose Games, the oldest continuous indoor meeting in the world. The organisers had chosen a headquarters hotel similar to the one in Croydon, so Johnson's manager had billeted them in his Ivy League "alma mater" venue, the Penn Club on West 44th Street.

The translation from the one-place lycra of his cutaway Superman running suit to a three-piece, woollen pin-stripe that Savile Row would not disavow suited the variable and mahogany splendour of the reception and reading room downstairs. But the decor gave way to a mid-Atlantic anonymity by the 10th floor, so little detracted from Johnson as the centre of the waiters' attentions as we adjourned to eat in a private room next to a reception hosted by his management.

The biggest problem interviewing someone over lunch is, how do they get to eat? Sure enough, I had finished my smoked salmon and salad, and chicken and grill-

led peppers while he had barely had time to lift a fork. Maybe I was subconsciously remembering food-poisoning, but he seemed more happy to provide me with an earful than I was him with a mouthful. He was then commenting on TV for the first time, and it carried over to lunch.

One of the regular commentators had remarked afterwards that it was easy to see why Johnson was so good, because he kept asking what he'd done wrong, and how could he rectify it. I mentioned this.

"For my first time, I'm satisfied with it. It was fun, I liked it, and I want to get better at it. I'm not happy with it yet. I think I expected too much out of myself, but I like expecting too much out of myself. I didn't expect to be perfect, but I wanted to be damn close."

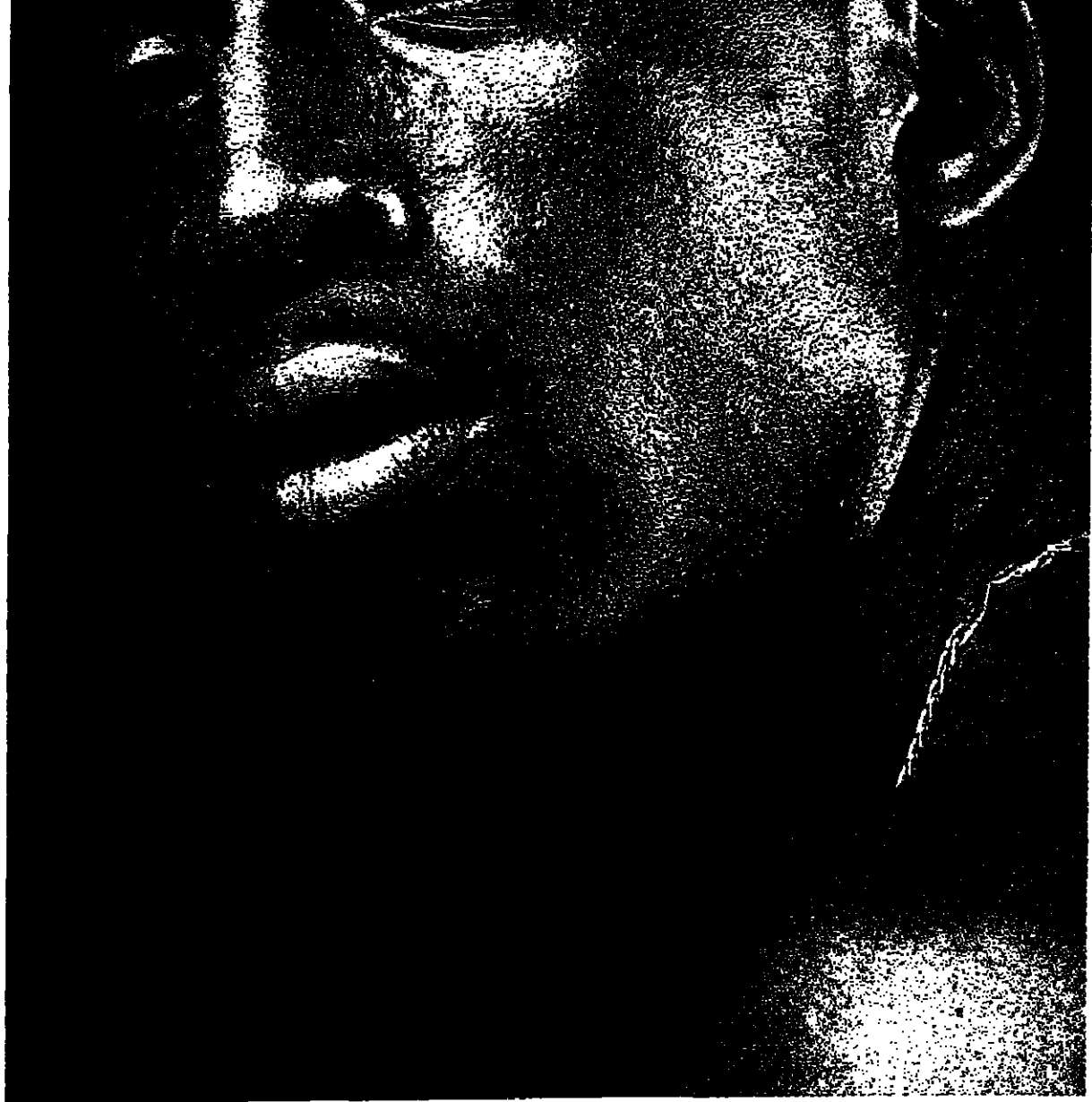
The most obvious question, after his feat in Atlanta last year, was how he was going to prevent the rest of his career, even his life, being an anti-climax.

"I don't have to do that. From an athletics perspective, the Olympics is over, you've got to put that behind you and get on with the next race. It's just like any other person with a job. I enjoy what I do, and my competitive nature won't let me be satisfied with anything other than winning or doing the best that I can. Going into last season, I wasn't thinking that I was training just for the Olympics. I was training for the season, and the Olympics was one event of 20 in the year."

"On the other hand, because it's the Olympics, it's the biggest race of my life. It can't make or break me, but it can do a lot of things for me. But take the Olympics out of my career, have I not been successful? I've been very, very successful, and I've got a lot of fulfilment out of my job. I've still done a lot of good things, accomplished a lot of goals, overcome a lot of obstacles, still made a very good living, and had a very good and rewarding career."

It used to be that Johnson was monosyllabic, seemingly indifferent to the media. That has not completely changed. He doesn't exactly come on like boxing promoter Don King and engulf every stranger with a spine-wide smile, and a spine-wide shrink. "Hello, my friend!" But he is more communicative.

This was more like a business lunch, with Johnson discussing promotional strat-



Michael Johnson: "I learned a lot from Carl, because of the mistakes he made"

egy. I elicited one genuine smile, when I asked, apropos his investment in the Dallas Mavericks basketball team, whether he was any good at the game.

He almost laughed. "I'm horrible at basketball. I've never played. But I do enjoy being part of the decision-making team, especially since it's another sport. Well, put it this way, I offer my opinion, whether they take it or not is a different matter. I get to about half of their home games, and one thing you can say about the NBA, it's well marketed, and it's a great investment. I mean, the city builds the arena, and the owners pick up the profit. It's a great arrangement."

If he couldn't play basketball, I observed that the Olympic skier, Picabo Street, is part of the same management group, and I hoped that she wasn't going to tempt him on to skis. "I did promise her last

year that I'd try it, but after she got injured I thought I'd put it off for about 10 years." His post-Olympic book, *Slaying The Dragon* (Plunk Press, £10.99), firmly aimed at the US self-help market, was a welcome change from the usual turgid athlete bio. But the criticism of Carl Lewis's off-track antics ("fashion designing and pop singing", "lack of restraint and humility") did not chime with the rest of the volume. Johnson disagreed.

"It was right in line from my perspective. First of all, I couldn't write a bio about my life in track without speaking about Carl. It would be a glaring omission, and people would know that I left it out to avoid controversy, and I don't avoid controversy. The particular chapter I'm talking about Carl is about learning things from people."

"Most of the time, people think you only learn from watching the good things

people do, or watching someone succeed at something. I learned a lot from Carl, because of the mistakes he made. It's my opinion that he could have done a lot more for the sport than he did, but because of his selfishness - and that's not what I said in the book, but it's the way I feel - he didn't help the sport, and he didn't help himself."

A bleeper went off somewhere under his jacket, sending another forkful of food back to the plate uneaten as he consulted the offending machine. He was more likely to starve than succumb to food poisoning this time.

Still intrigued that he didn't want to try something different after being so dominant in his events, I essayed suggestions about hurdles, shorter races, longer races. But no, he's sticking with what he knows.

"I think I can still take a little off the 200 record, and

a lot off the 400 record." He is going head-to-head at 150m with Donovan Bailey, the fastest man over 100m, in June.

There was a slight edge as he repeated a mantra I had heard given to an assembly of journalists earlier.

"This is what I do. This is what I'm good at. It's like your job. It's not about training for four years for the Olympics, and it comes along, and it's like Christmas, and it's over. It's not like that. Every race is exciting, but at the end of the day, it's a job. Just like yours."

There was an air of finality about that. He looked at me quizzically, stood up, shook hands, and left almost as abruptly as when he streaks out of those starting blocks. There was just one question left. If mine was a job just like his, how come a sportswear company doesn't pay me \$2m (plus bonuses) for the next three years?

Dispatches

A racing uncertainty

John Ridding gives odds on Hong Kong's other religion

As the punters placed their final bets, the graftbusters swooped. Agents of Hong Kong's Independent Commission Against Corruption sealed off the weighing room at the Sha Tin track and hauled away jockeys, trainers and a dozen other suspects for questioning about race fixing and illegal bookmaking. The raid last Sunday reverberated around the colony, dominating the press and revealing the power of racing in horse-mad Hong Kong.

Since a race track was clawed back from the mosquito-infested marshes of Happy Valley some 150 years ago, racing has become the territory's unofficial religion. Heads bowed, in prayer-like study of tip sheets, trackside crowds search for inspiration on race days. High above in the corporate boxes, Hong Kong's elite looks down on the vivid green turf. Add up the wagers taken by the Jockey Club and the total should reach more than HK\$900m this year - about the sum bet on all the horses on all the courses in the US.

With its mix of money, speed and social classes, Chinese gambling and colonial gentility, the club is a concentrate of the community. Like that community, the club is racing headlong to the end of British sovereignty. And more than any other institution it will reveal whether Hong Kong and its culture can clear the looming hurdle.

Despite Sunday's scandal, the Jockey Club has steered a steady course to the transition, shedding its colonial image and its stuffy British past. It has reorganised the stewards who guide the club, dropped "royal" from its title and, last year, appointed Lawrence Wong as its first ethnic Chinese chief executive.

The former Ford executive had only been to the races twice before his new job - both times in Detroit. He talks with a soft American accent, of focus groups and how the client is king. In style and strategy, Wong is a world apart from the stuffy starched British generals who previously held the reins. But in many ways he is a fitting choice. Boro in China, he spent part of his childhood near the Happy Valley course before heading for Taiwan, the US and back to Taiwan where he ran Ford's operations.

"I am making a circular journey," he says. "I have taken the long route back." The way he sees it, he will return to the mainland with Hong Kong. It is a moving thought, he believes, for the Chinese diaspora. "This is a historic time. I think all Chinese support the idea of one China and the motherland."

Change has rippled further round the top ranks of the club. As smooth as a jockey's silks, stewards have been shuffled to mark the arrival of the territory's new elite. The seat, held once and always by a taipan from Jardine Matheson, the grandest of Hong Kong's founding trading houses, was taken in 1994 by Larry Yung, the son of China's vice-president and the head of Citic Pacific, the

biggest mainland-backed company in Hong Kong.

Yung has a passion for horses and has made his mark as an owner, with this year's Derby among his prizes. The other stewards read like a list of Who's Who in Hong Kong with legislators, lawyers and government officials prominent.

The stewards steer the club in a way that mirrors the governance of Hong Kong. They are selected by 200 voting members of the club, who are approved by the stewards. It is cosy, and none too democratic. But it allows quick and decisive management and smacks of the strong executive-led administration that is championed by Tung Chee-hwa, the shipping tycoon who takes over in July from Chris Patten, the last colonial governor.

Just like the territory's government, the club and its stewards sit atop a treasure chest. A monopoly on gambling in Hong Kong is as lucrative as it sounds and, although a non-profit organisation, the surplus from its operations, after a hefty tax bill, totalled almost HK\$2bn last year.

Just like the government, the club and its stewards sit atop a treasure chest

A large chunk of the balance goes to the Jockey Club Charities Trust, the territory's largest benefactor and financier of hospitals, colleges and parks. This has helped secure popular affection, but it might also prompt concern. The honey pot could appeal to cash-strapped cadres, while lack of accountability fills some with unease. "It is a familiar story in Hong Kong," says a Democratic party member. "A powerful institution, vulnerable because it lacks transparency or democratic credentials."

Integrity is the top priority, Wong believes. As for China, money from the club's coffers is meant for Hong Kong. It came from the territory and will be spent there, he says.

Perhaps more important to the club and its survival is the influence it will have in China. For the moment that influence is limited. Gambling, after all, remains illegal north of the border - even if cash prizes for "guessing the winner" make a mockery of the pretence at China's multiplying race meetings. But at the track in Guangzhou, the best in China, computer systems have been installed with the help of the jockey club. Guidance from Hong Kong is also sought in Beijing and Shanghai which were once, in the 1930s, among the world's grandest courses.

It is early days to predict the return of former glories but the potential is vast. In spite of Sunday's stumble, the smart money must be on the rise of racing on the mainland rather than a fall in Hong Kong.

PERSPECTIVES

Surprise attack on Vietnam

Assault by China to claim the South China Sea... US, Europe and Japan in emergency consultations...

It is 2001 and the British prime minister, Michael Stephenson, discusses with the US president and his French counterpart what the west should do about a Chinese attack on Vietnam and its seizure of the South China Sea.

London Local time: 01.55 Sunday February 18.

Prime minister Michael Stephenson read the latest reports from Northwood Permanent Joint Operations Headquarters. He was waiting for the end of the US State Department press briefing. Then he would speak to James Bradley, the US president.

The reports Stephenson read gathered together the known facts of what the Chinese had done. Three hours earlier the Chinese airforce had launched surprise attacks on Vietnam's main military installations - the Cam Ranh Bay naval base,

airforce bases protecting Hanoi and Ho Chi Minh City. At the same time Chinese commandos had boarded and occupied oil exploration facilities on the Paracel Islands and, 500km to the south, the Spratly Islands.

The Chinese had deployed a vast air armada to destroy Vietnam's air and naval defences - from the modified high-performance Russian-built Su-27 Flankers to the lumbering H-6 bomber, a modified version of the old Soviet-era Tu-16.

China had knocked out 40 per cent of Vietnam's navy; pictures of Cam Ranh Bay suggested they hit virtually every ship in port. They had been less successful in eliminating Vietnam's airforce: many of the

aircraft had fled to airfields in Laos and Cambodia. Of greater concern, however, were the naval intelligence reports. These indicated that most of China's submarines had put to sea. The ageing Ming and Romeo-class diesel-electric submarines were around the Spratly and Paracel Islands; the Russia-built Kilo-class attack submarines were patrolling the trade choke points between Indonesia, Malaysia and the Philippines; and at least one of the nuclear-powered Xia-class submarines had left its base, carrying intercontinental ballistic missiles with nuclear warheads.

When Bradley came on the line he and Stephenson agreed that Europe and the United States must show neutrality at this stage. Both were aware of China's long-standing claim to the South China Sea and of the historical enmity between the Chinese and Vietnamese. Hadn't they both fought a war 20 years earlier?

Bradley pointed out that America had a mutual security treaty with Japan dating back 40 years or more which he was loathe to invoke. It also had some weaker commitments to the Philippines.

"I quite agree," said Bradley. "I think we should make our stand on points of international law. If China interferes with shipping, particularly oil supplies through the South China Sea, then the US would have to send a military signal to Beijing. Our carrier group off the Philippines is on standby."

In Tokyo, Noburo Hysashi, the Japanese prime minister, in an emergency cabinet meeting, told his ministers that Japan had not faced so great a threat to its survival since the Pacific war. "It is high time we put our treaty with the US to the test."

Sir Brian Fitzmaurice, Britain's ambassador to Paris, reported that between 20 and 30 French technicians and their families had been

killed in the bombing of Cam Ranh Bay. French children were among the dead. The first television pictures would be aired within the hour.

Charles Wentworth, the foreign secretary, observed that France had only taken over the presidency of the European Union in January. There was a danger of it going public against China without consulting fellow members. The next few hours were devoted to preventing this from happening, but to no avail: France was preparing a statement condemning China.

In a telephone conversation Stephenson asked Edouard Dargaud, the French president, if France could ensure the neutral leadership of the EU.

Dargaud replied: "Michael, French civilians have been killed by Chinese bombs. French people know this. Do you expect me to parrot the American president and say we are friendly with both countries? No. No. No. My statement is for France, not for Europe. It is for the families of those who were bombed."

"But Edouard," Stephenson interjected, "Could not France stay neutral at least until there has been a vote in the UN? A meeting of the Security Council has been called for later today. Can't you wait until then?"

Dargaud was as adamant as he was emphatic: "What can I do? As soon as those pictures are shown, Michael, I have to support Vietnam. Anything else would be

political suicide. And you would do the same. Besides, China will exercise its veto at the Security Council."

"In which case, Edouard, can you make it clear you are speaking for France and not the Union?" Stephenson asked.

Wentworth was on another telephone and talking to Sir James Middleton, the ambassador in Germany. The chancellor was about to issue a statement urging restraint and caution. His tone was to highlight the trade which would be lost if the crisis escalated.

"Can Germany keep the French in line?" asked Wentworth.

"Unlikely. Germany will keep its mouth shut, when it comes to French citizens being killed in an act of war," replied the ambassador.

From Dragonstrike: The Millennium War, by Humphrey Hawksley and Simon Holberton, (Sidgwick & Jackson, £16.99).

Time for a new arboreal society

Tom Fort explains his vision of a green Utopia - a radical idea to make use of planned forestation

A fellow I used to play rugby with told us a strange tale one night. A man had left his home in a suburb of Slough to go to work, walked a little way down the road, and fallen down a hole into the 14th century.

It is easy to scoff when faced with an insight into the unfamiliar, and scoff we did, mightily. Our friend, irritated by our hilarious disbelief, refused to reveal any more of the story. Our attitude, he said, was sadly typical of our conventional, narrow minds.

I occasionally wonder about that time traveller. What happened to him? Was he, perhaps, with the Black Prince at the battle of Crecy? Or caught up with Wat Tyler and his Peasants Revolt? Did he fall victim to the Black Death? Did he lead a peaceful, tranquil existence, dying of old age when he was 49? Or did he find some means of getting back to our own age, to spill the beans?

I also wonder if anyone has done it the other way round, been catapulted from the time of the Hammer of the Scots to that of John the Unsteady? And if we do have a refugee or two from the Middle Ages in our midst, what do they make of us, apart from the obvious facts that we are so much taller, healthier, sweeter-smelling and more amusing than them?

One matter on which their advice would be useful would be our enthusiasm for forests. For these might well be men who - unlike us - know a thing or two about forests. And I suspect their response would be highly sceptical.

"Still at it, is he?" they would demand when I told them about the new

National Forest in the Midlands, and the plans for 12 other "community forests" around the country. Still having any poor woodcutter who dares slaughter a stag or a fat boar maimed, blinded and put to death?

No, no, I would assure them; nothing to do with extending tyranny and satisfying kingly bloodlust. Any resemblance between William the Conqueror and his hunting-mad successors and our own royal family is purely coincidental. No, this is the will of the people.

But if not venery, what? Our grubby, stunted chums would ask. Would it be to fatten pigs on acorns, to har-

By the time the Romans came a great part of our ancient forests had already been destroyed

vest chestnuts to make porridge, to produce coppicing for fences and the like, to grow oaks to make ships, to provide fuel for ironworks? No, no, I would explain in a superior way. We don't want forests to make use of them. We want them because...

Because what? Because we like the idea of trees, because trees are "good", because in our sentimental, guilt-ridden, unreal way, we want to recreate what we imagine to have been the idyll of the distant past.

Never mind that it never existed, that even by the time the Romans came a

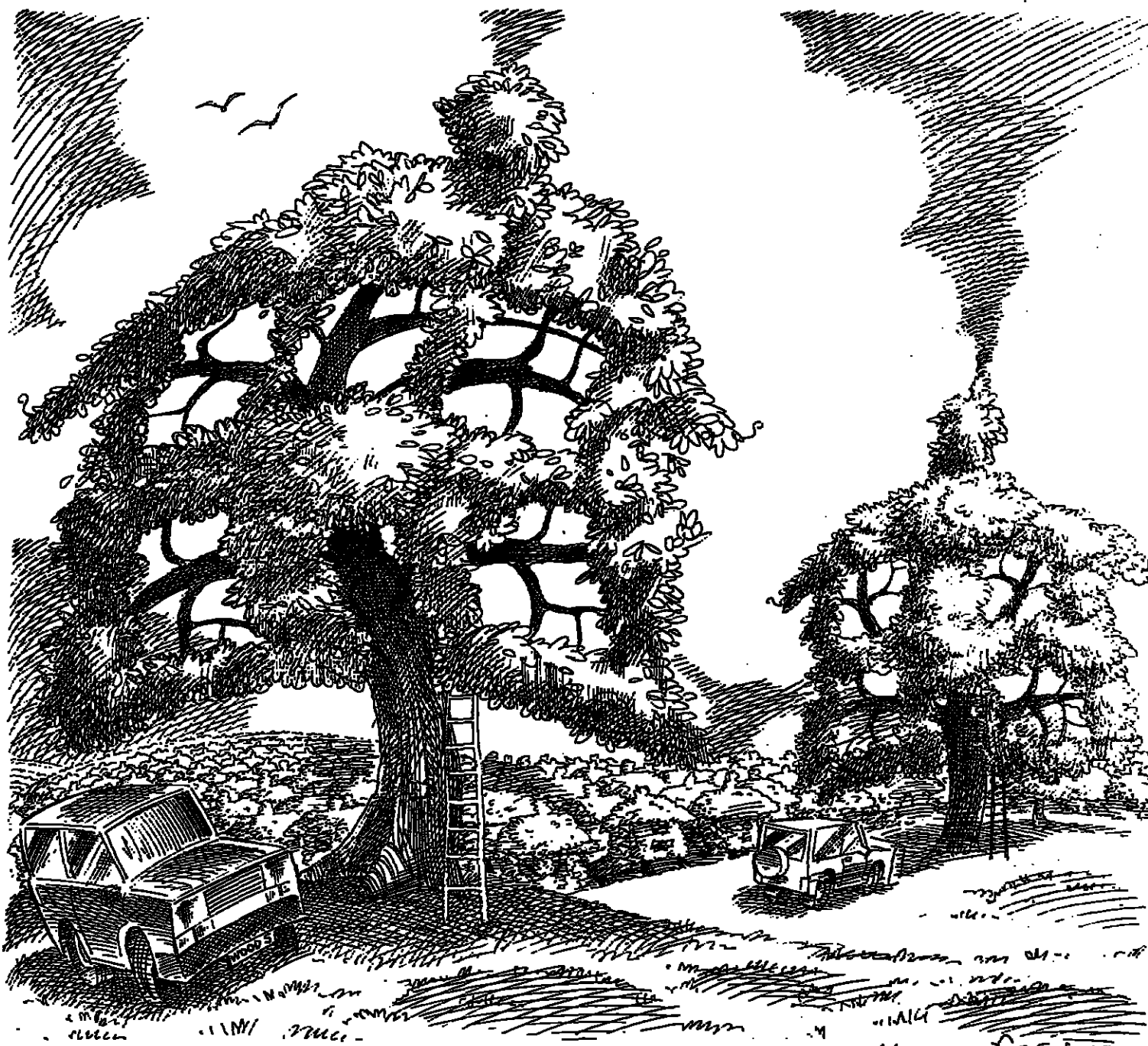
great part of Britain had already been destroyed. Never mind that those forests which did survive did so only because they justified themselves economically. Never mind that to realise the dream would require a complete reordering of the way we live.

Divorced as we are from any meaningful communion with the forest, we please ourselves with gestures empty of substance. The good councillors of Berkshire, for instance, have decided among themselves that it would be charming for them to be remembered for the creation of something called the Royal Berkshire Forest. To this end they are seeking in excess of £2m from the UK Millennium Commission to fund the first phase, to be known as the Berkshire Millennium Woodlands.

The idea, if it can be called such, is to purchase parcels of land that no one wants, dedicate them as common land with guaranteed public access, and plant trees on them. A leaflet has been circulated exhorting the public to back the campaign. It features a conspicuously well-dressed family tripping happily through soaring, sun-dappled trees, the slogan "Greening Beautiful Berkshire", and a map.

This map shows a great tract of land south, west and east of Reading shaded a soothing green.

Oddly enough, no reference is made to the uncomfortable fact that this same area is due to receive several thousand of the £40,000-plus new houses which the environment secretary has deemed should be Berkshire's contribution to meeting the real needs



of the new millennium.

At this point I am proud to announce that I have had an inspiration which could, literally, change the face of Britain. I have found a way to reconcile the longing to expiate the crimes of the past, to rediscover the lost innocence, with the obligation to accommodate the great flood of divorced men

and the new generations liberated from outmoded notions about family life.

Like all the great ideas, its essence lies in its simplicity. You plant the trees, and when they are big enough, you live in them. Now, I realise that along with other baggage of the past, a few conventional notions of what constitutes comfort will have

to be discarded. Our new forest citizens will have to have a good head for heights, not roll around too much in their sleep, and be prepared to put up with unwelcome bushy-tailed visitors who eat nuts with their hands. But for the joy of being out of the smelly city and communing with nature, surely that is not too much to ask.

I concede that to design my new arboreal society will require expertise of the highest order. But luckily we have the experts, the best in the world, engaged at present in a hopeless campaign against the construction of new roads. Send for these idealists, I say, and persuade them that this is a cause truly worthy of them (you

could then get on with building the roads in peace).

The brilliance of it blinding, a vision of a new Utopia in the Greenwool. The prime minister is always harping on about the Tories running out of radical new ideas. I present b with this one, free. Is it late to rewrite the manifesto?

Caught in a struggle for control of Islam

The closure of women's schools in Uzbekistan is part of a battle between hardline forces, says Charles Clover

The women of Tokhtobou mosque in Tashkent, Uzbekistan, pose for a photograph in front of the locked door of their madrassa, or religious school, where they have been forbidden from studying by the Uzbek government for over a year.

"It's too bad you weren't here yesterday," said Halima, a woman in the group, "there were hundreds of us here demonstrating."

To talk, Halima said we could go inside. "It's too cold here," she decided. The women marched around to the main entrance of the mosque, glowered at a guard who shuffled aside, pretending not to notice as they passed, and headed across the courtyard, up some stairs and through a side entrance to their madrassa, where they took seats around a long table.

"We have nothing against the government. All we want to do is study the Koran in peace," Halima said.

But governments around the world have heard this one before. The month-old closure of women's madrassas around Uzbekistan is the latest in a series of low-intensity skirmishes between the Uzbek state, concerned with controlling Islam, and an Islamic opposition which represents the remnants of a larger movement, the Adolat party based in the Fergana Valley region, that was crushed several years ago.

While often quirky, the struggle is nevertheless very real. Since 1992, human

rights monitor Human Rights Watch/Helsinki has documented the disappearance of three opposition religious leaders, the imprisonment of dozens of Islamic believers on falsified charges, and the closure of three mosques.

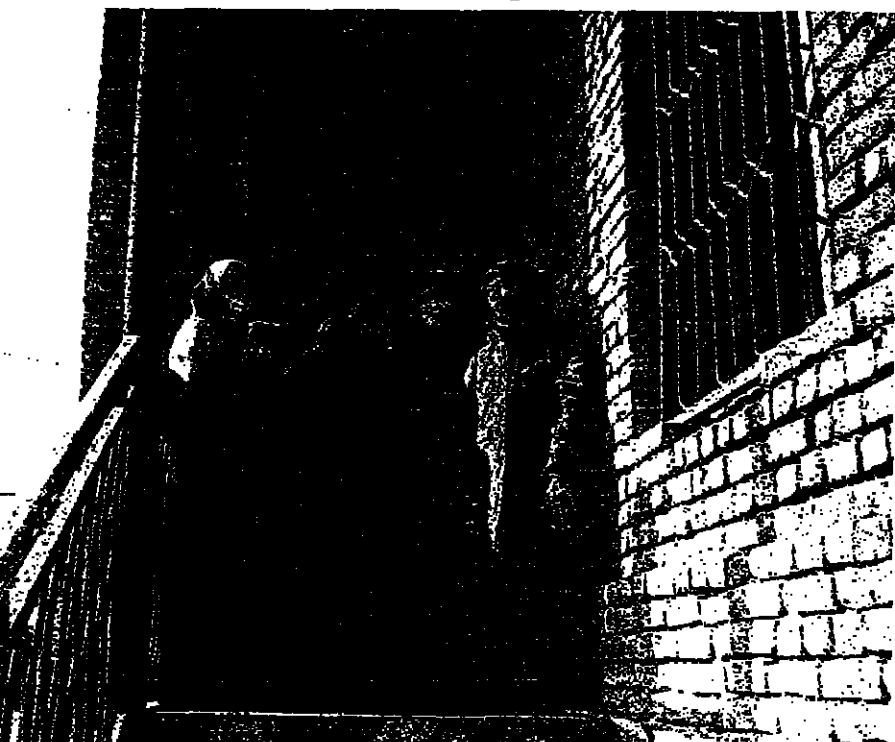
"A lot of our leaders are out of jail now," said a member of the secular opposition party Birlik who asked not to be named. "But the Adolat guys, they're still in prison. Even the ones who had three-year sentences are there five years later."

For the moment, though, the conflict is mostly verbal. A week ago, as the women of Tokhtobou mosque congregated in front of their madrassa, four carloads of men drove up. The women believe the men to have been members of the SNB, the security service which was formerly the KGB.

"The men got out of their cars and said, 'Hey, what is this, Saudi Arabia? Why do you dress like that?' This is Uzbekistan, you know." Then they told us to leave," Halima said.

"I'm not afraid to say this, I know who sent the SNB, this was the mufti," said Marquba, who was sitting next to Halima. Some of the women gasped in alarm.

The mufti of Uzbekistan, Mukhtarjan Abdullo Al-Bukhari, is the target of most of



The veiled women of Uzbekistan: forbidden from studying in their religious school

the Islamists' rhetoric. He is the state-appointed leader of Islam in Uzbekistan and has the power to close mosques and remove imams, the prayer leaders. It was his order that closed the women's madrassa, though he claims they are on holiday and will re-open once properly registered.

Outfitted in a white turban and seated in his office in the old city, the elderly Al-Bukhari discussed the growth of Islam in his country with the precision of a Soviet factory director who exceeded the plan.

"Since independence, we have increased the number of mosques in Uzbekistan

from 80 to 5,000. The number of people going on the Haj to Saudi Arabia has gone from two-three per year to 4,000 per year. The number of people between 16 and 25 who have memorised the Koran has risen dramatically as well."

As for the closing of the Tokhtobou madrassa, "that's

an unofficial madrassa. Their teachers didn't have a deep understanding of Islam."

The school was originally closed over a year ago, in 1995, when the imam of the mosque, Abid Khan Nazarov, was removed from his post, again by the mufti. His removal sparked demonstrations and many arrests.

Since his removal, Nazarov has been evicted from his apartment in Tashkent's old city and placed in a different apartment, from which the government is now trying to evict him. He is currently awaiting the outcome of an appeal.

Nazarov, who looks to be in his early forties, is quiet, direct and educated. Relaxing in a safe house in between appearances at his trial, he conversed in fluent Arabic. "I was removed from my position after the government asked me to inform on my friends. I said I was happy to have discussions, but they wanted me to give names. This I refused to do."

The mufti tells a different story. "Every month, we have a meeting of imams and khatibs in this district. We talk about the Koran and the Shari'ah. We invited him several times, and he didn't come. This is a violation of the Shari'ah," Al-Bukhari said.

"One time we issued a fatwa permitting grave-

stones. He spoke out against it. One other thing. 'That guy, if he came to religious feasts, he would ask, 'Is this bread halal or haram?'"

The mufti rolls his eyes. "Like it's not halal. As if we would serve haram bread."

While the government has exerted control by, for instance, closing the women's madrassas, the brand of Islam which Nazarov represents is hard to pin down. Women in his entourage are often fully veiled, but he expresses no strong conviction on the subject. "They should do it only if they want to follow the Koran. If they don't, it's okay too," he said. But acquaintances notice that he will not give funeral services for people who were known not to pray, and he will not officiate at weddings where there is music or dancing.

The Uzbek government's concern with controlling Islam may have more to do with the regional implications of the movement, rather than the religious ones.

Nazarov is from the town of Namangan, in the Fergana valley, where conservative Islam is particularly strong. This was the seat of the Adolat party, whose leader, Khokim Satimov, was arrested in 1993.

The Fergana valley borders Tajikistan, a country

torn apart by fighting between the government and a Moslem fundamentalist opposition, and this is the primary fear of the Uzbek state.

"We took adequate measures [against Adolat]," said Tokkun Jabbarov, the Hok of the Namangan region. "We hadn't, we would have had the same situation in Tajikistan here."

The Uzbek government fears were founded on more than common geography, though. Abdulvali Mirzo, the former imam of Andijan mosque also located in the Fergana Valley, one of the Uzbek Islamic leaders who disappeared in 1995. He had studied under the same teacher, a large Pakistani Qazi, as Sa Abdullo Nuri, present leader of the Tajik Islamic fundamentalist opposition.

Mirzov disappeared August 1995 in the Tashkent airport, along with his assistant, Ramazanbek Matkumov. They claimed Custodian but never boarded the flight. Days later, the Andijan mosque was closed and turned into a museum.

Pakhir Mirzomov, head of the SNB for the Sabir-Raimov region of Tashkent, denied any government involvement in the disappearance. "The SNB does get into fights with religious groups," he said.

A former acquaintance of Mirzov, however, thinks the SNB is involved. "Who could get to him in an airport? He's definitely not in the duty free shop."

me travel its best

Mich Thompson

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BOOKS

Bright morning of liberalism

A.C. Grayling admires high quality arguments about morality and civilised life

Imagine being present at a debate in the Athenians' agora at some moment in classical antiquity, when that intelligent people lived under Solon's laws and were engaged in producing works of imperishable literature and philosophy through the beautifully supplied medium of their expressive language. One would be witnessing high quality argument about matters of the first importance for civilised life, argument with the power to change one's mind about urgent questions of morality, government and law. Discussion in the agora, and among the trees of the Academy where Plato taught, and the Lyceum's portico where Aristotle strolled as he lectured, shaped a civilisation which in many essential respects endures to this day, and is now well into the third millennium of its history.

It is no exaggeration to say that reading Dworkin is like witnessing such debate. High quality argument about matters of the first importance to civilised life: this is exactly what the essays in his lucid, sane, liberal-

minded book offer. The greater part of the book is devoted to cases involving those clauses of the Constitution of the United States of America which together form a bill of rights (the first few Amendments, together with others added after the Civil War), and in particular to the "moral readings" of these provisions. Dworkin aims to show that interpretation of them by the Supreme Court expresses tacit moral judgments about what they mean and require; that this is as it should be; and that this is not anti-democratic, as many opponents argue.

His case is illustrated by discussion of crucial recent wrangles in the US over abortion, euthanasia, pornography, academic freedom, and appointments to the Supreme Court bench. Because the US represents

the greatest experiment in constitutional democracy ever attempted, these questions are immensely important, and Dworkin's treatment of them is profound and influential.

A "moral reading" of a constitution proposes that its clauses be interpreted on the understanding that they embody moral principles of political decency and justice. The fact that observers are able to classify appointees to the Supreme Court as "liberal" or "conservative" shows that questions of value go right to the heart of constitutional law; and in deciding what the Constitution requires or allows in difficult cases, the judges demonstrate moral judgment in action. Yet judges and commentators dislike admitting that constitutional interpretation is moral in character. Unsatisfactorily, they try to

explain their practice as realising the "historical" character of the Constitution, or its "structure". The confusion is important because it bears on whether the Constitution evolves through interpretation, or requires reform, or should be left alone.

In Dworkin's view, the US Constitution expresses commitments to specifiable ideals: that all citizens must have equal moral and political status, that all must be treated with equal concern, and that freedoms indispensable to these ends must be respected. Interpreting the Constitution, whether in this or alternative

ways, depends on understanding the history and language of the Constitution, which in turn shows that judges' interpretative discretion is not, as Macaulay famously remarked, a matter of "all sail and no anchor", for it reveals an important pair of constraints: judges have to respect the Constitution's integrity - decisions in any one case must be consistent with the tenor of the Constitution as a whole - and they have to respect the intentions of its framers.

These points show that a moral reading of the Constitution does not imply absolute power in the hands of judges. But opponents can still argue that such a reading is anti-democratic, because it leaves final Constitutional choices with judges rather than the popular will. Dworkin argues that this criticism is mistaken.

for it presupposes that democracy is merely majoritarianism - that is, the view that political outcomes must always conform to majority will. Rather, he argues, democracy should be seen as consisting in the creation and maintenance of political institutions which treat all citizens with equal concern and respect. This indeed involves majoritarian procedures, for example in elections; but they command assent because the equal-concern conditions govern them - so that, for example, they truly respect minority interests.

Dworkin's argument embraces conceptions of liberty, equality and community in ways that, he says, are true to the spirit of the US Constitution. "First constructed in the bright morning of liberal thought", the argument's liberal tenor pervades the partic-

ular problems Dworkin considers in the main body of the book - abortion, race, pornography and the others - and does so again in the closing chapter where, in a discussion of special interest to British readers, he argues eloquently for adoption into British law of a Bill of Rights.

Once a "fortress for freedom", Britain now lags far behind the US and Europe in failing to have individual constitutional rights written into its fundamental law. The freedoms of British citizens are enjoyed at the whim of parliament, which the courts are powerless to constrain. There is a simple solution: it is to incorporate into British law the European Convention on Human Rights, to which the UK is already a signatory. Currently anyone seeking the Convention's protection has the long, costly task of resorting to the European Court, where Britain has been twice as often arraigned, and more often found wanting, than any other European country. The case is unanswerable, and Dworkin does a great service in restating it so forcibly.

Time travel at its best

Freeman Dyson, who is a science professor at Princeton, believes that in the next 100 years we will probably see human settlements on the Moon and on a few local asteroids. Mars, too, perhaps. Then, large-scale emigration from Earth will commence.

"Within 1,000 years," says Dyson, "our descendants may be so widely dispersed that no central authority will be able to regulate their activities or even be aware of their existence. ... Our one species will become many."

He's right, I reckon. So let us blow a raspberry at those who claim that the age of travel is dead, and that travel writing is moribund. What they mean is that the age of earthly exploration is almost at a close. Our travels on the other hand, have hardly even started.

Anyway, travel writing is as much to do with mental and psychological exploration as with anything. For this reason, travel writing is only now starting to evolve. Rory MacLean, for example, is a young writer who - even before the era of Martian settlements - is expanding the boundaries of travel writing by trampling the borders between fact and fiction.

His first book, *Stalin's Nose*, was much admired. John le Carré called it "crazy, charming, a delight". Jan Morris found it "a thing of beauty" (though what does she not?). MacLean's second book, *The Oatmeal Ark*, furnishes his reputation while adding, happily, to the literature on Canada.

It only sounds complicated. A west-coast Canadian, Beagan Gillean (the author's alter ego) takes himself and his inheritance, a trunkful of family papers - letters, diaries, old ferry tickets, all sorts of bits and

pieces - back to the Hebridean island whence his great-grandfather Hector had emigrated to Canada in the early 19th century, as part of the tide of humanity that fled Scotland after the English sword had butchered the clans and crushed the Highlanders' spirit.

Once on his Hebridean island, Beagan/MacLean decides to retrace the watery path of his ancestors' travels. So he crosses the Atlantic on the Quebec-bound Global Trader, just as Hector had sailed west in the home-built Good Intent. From Quebec, travelling mainly by river and lake as the early settlers did, he crosses to the

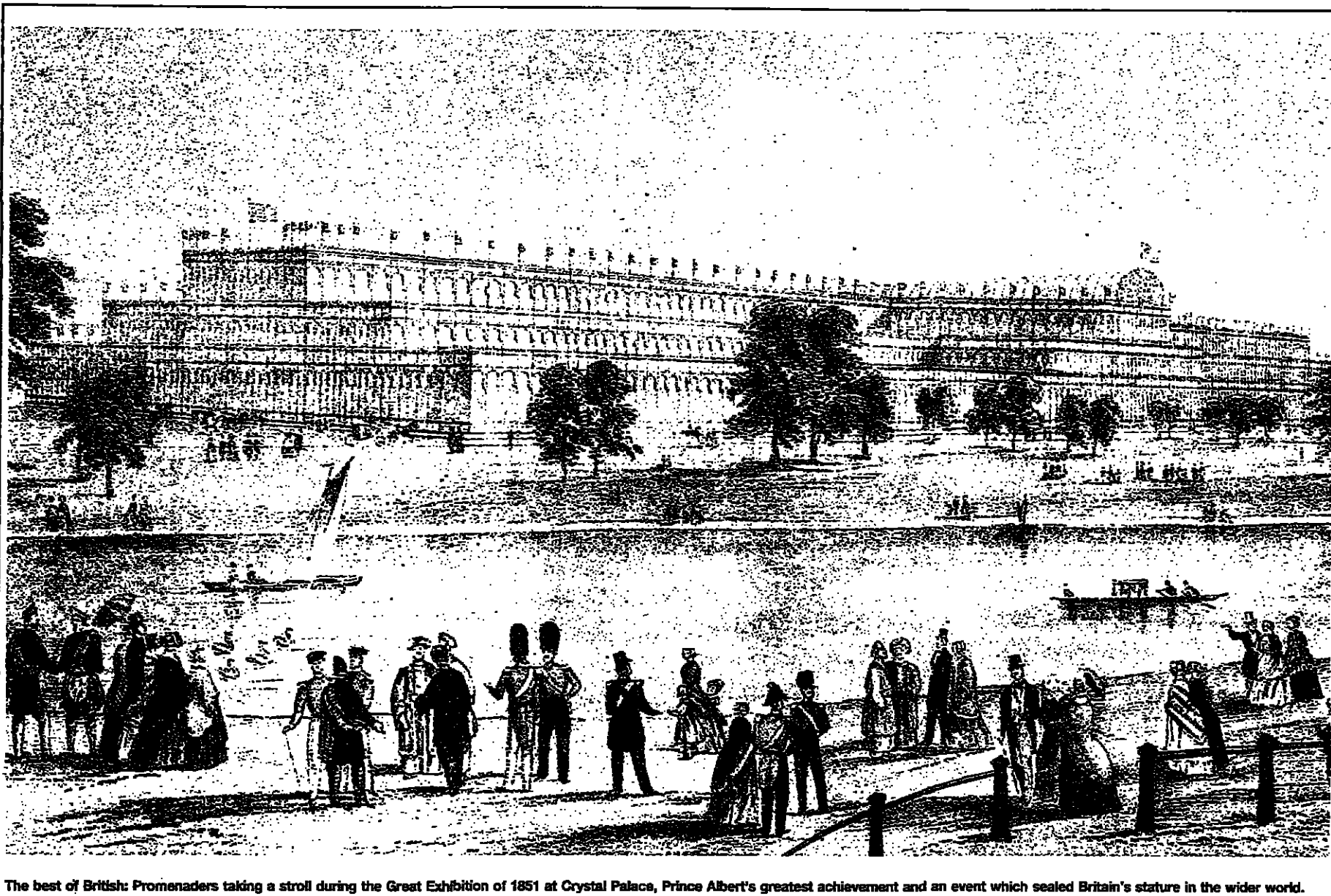
THE OATMEAL ARK: FROM THE WESTERN ISLES TO A PROMISED SEA
by Rory MacLean
HarperCollins £16.99, 337 pages

Pacific coast - accompanied by Hector's ghost and by the ghosts of Hector's sons, Jamie and Zachary, and of Beagan's father, Sandy.

The ghosts talk. And Beagan/MacLean's narrative dips cleverly in and out of the old family diaries, cross-cutting back and forth from the earlier times to the present day with consummate skill.

*Sounds complicated, but MacLean is so polished, so clever, so imaginative, so artful and so innovative that the tricky-sounding framework of *The Oatmeal Ark*'s construction never crashes down upon him. Utterly the reverse. Everything is as clear as gin. We are taken deep inside MacLean's head: a remarkable, beguiling journey.*

Imagine what he'd do with Mars.
Michael Thompson-Noel



The best of British: Promenaders taking a stroll during the Great Exhibition of 1851 at Crystal Palace, Prince Albert's greatest achievement and an event which sealed Britain's stature in the wider world.

The man who would be king

Prince Albert's influence far exceeded his position as consort, writes Richard Donkin

Visitors to Osborne House on the Isle of Wight, the favourite residence of Queen Victoria, might be surprised to see the full-bodied nudes depicted in a large oil painting occupying the whole of one wall in Prince Albert's bathroom.

The painting, bought by Albert, shows Omphale, the mythical Queen of Lydia, in the clutches of Hercules whom she kept to perform domestic duties, including, as the picture leaves no doubt, a degree of personal servicing.

The painting, concludes Stanley Weintraub in his new biography, is a clear confirmation that the Queen

and her Prince were anything but prudish, particularly when it came to art. But their shared love of fleshy canvases was only part of a mutual attraction which confounded the suspicions of royal advisers and politicians who had tried to deflect the young queen from pursuing an attachment to a German prince from the minor state of Coburg.

Albert was more than merely a loyal and supportive companion - he soon became the dominant partner working closely with the Queen on affairs of the state. His life had many parallels with that of Prince Charles today. Both princes needed

to fashion a role for themselves while living in the shadow of a reigning monarch. The big difference is that Charles can expect to reign one day, though it is

likely to be at a time that most men of similar age will be drawing their pensions.

Albert pursued interests in farming - he was a champion pig breeder - with the same enthusiasm that Prince Charles has applied to his love of gardening - and

attracted the same kind of media contempt. Both princes shared an interest in architecture and a mutual suspicion of architects. Albert employed a builder to oversee the design and construction of the new house at Osborne.

Both, also, enjoyed hunting although Albert arguably attracted greater controversy for his shooting exploits which on one occasion, during a return visit to Coburg, involved what the author described as a "German liquidation" of deer where the targets were herded into an enclosure and shot en masse. Albert was aware of the moral dilemma in such acts - he confessed as much to his stepmother - but his need to hunt was driven by compulsion.

In spite of these public relations disasters that were widely reported in the British press and mercilessly lampooned in Punch, Albert slowly began to attract the grudging respect of politicians although he was proba-

bly never fully accepted by English society.

While he never spoke English with anything but a German accent and privately spoke German with his wife, he was wholly committed to his adoptive country. Instinctively a liberal, Albert's forays into politics and support of Sir Robert Peel's struggle to repeal the corn laws included a controversial appearance in the gallery of the House of Commons, a gesture which made him few friends among the landed gentry.

Even though he never again went to the House, the Prince continued to promote reformist causes, including standing in a bitterly fought election contest for the Chancellorship of Cambridge University. Albert was chosen as a figurehead by those who wanted to free a theology and classics obsessed Oxbridge from academic stagnation and to promote the study of science and literature.

Just as Prince Charles has proved a useful channel for

those who seek to circumvent establishment orthodoxy, Albert often found himself in the company of scientific revolutionaries seeking to overturn conventional theological theory. Perhaps his greatest achievement was the creation of the Great Exhibition and Crystal Palace which sealed Britain's stature in the wider world. Arising from that success was the purchase and creation of the Kensington complex of museums and colleges, described at the time as the Albertopolis.

Weintraub's enriching portrait has succeeded in transforming the hitherto one-dimensional appreciation of Albert as a stiff and formal individual who brought the nation Christmas trees and pocket watch chains. Here was a great Victorian whose influence far exceeded his position as consort to the Queen and deservedly earned Disraeli's recognition that he had governed England for 21 years "with more wisdom and energy" than any previous king.

Opening up down under

Australia used to be a very protectionist country. Paul Keating was one of the men most responsible for opening it up to the wider world. As treasurer for eight years in the 1980s, he deregulated the financial system, let in foreign banks, floated the Australian dollar, and steadily cut tariffs. In cooperation with the trades unions, he also presided over a fairly successful incomes policy which substituted tax cuts for large pay increases.

As prime minister for nearly four years in the early 1990s, he helped open up Australia to Asia. Yet his premiership was not as happy as his period at the treasury, and ultimately his party was voted out of office. Keating was not an especially effective prime minister largely because he was made to wait too long before taking over. Bob Hawke, the premier throughout Keating's stint at the treasury, had promised that he would make way for Keating, the younger man, yet he repeatedly reneged on his word. Eventually Keating challenged Hawke for the leadership: he lost the first time, but won a few months later. By the time he became prime minister, however, he

had done most of what he wanted to do. The economy had been basically reformed and, as Keating discovered, the only thing a prime minister can do which other ministers can not, is to reach out into the higher realms of foreign affairs.

There were defects, too. John Edwards records that Keating had a tendency to hide when ministers came to consult, or badger him. Yet in the end, the Australian electorate simply decided that the Labour Party had been in power too long.

Edwards was a friend of Keating and an economic adviser during his premiership. Because of Australia's history of protectionism and near isolationism, I think he underestimates the extent to which the outside world was

interested in what was happening. But the book has three main virtues. The first is that it shows how tough Australian politics can be. I had not realised the strength of religious feeling both across and within the parties. Sometimes the catholic/protestant divisions sound almost like Northern Ireland. The second is that it makes no attempt to play down the strength of the language. This is pity, to put it mildly. When he was leader of the opposition, John Hewson would mutter across the chamber at prime minister's question time "You're a loser, Keating. You're a loser" rather than Australian slip-fiddlers are said to seek to intimidate English batsmen.

The final merit is that this really is *The Inside Story*. Edwards has seen practically all the papers as well as taken part in huge numbers of discussions. It is as if the whole of the recent history of relations between the British Treasury, 10 Downing Street and the Bank of England were revealed in book form.

Malcolm Rutherford

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BOOKS

Suffer the little children...

Ann Geneva reviews childhood memories of the Holocaust

At Yad Vashem, the Holocaust memorial, museum and archive in Jerusalem, one of the most affecting sculptures is that of a woman raising toward heaven the body of her child. Despite such general representations, its memorial to Jewish children who perished during the Holocaust took some 40 years longer to create than the others. This delay was due neither to lack of resources nor resolve, but reflected the all but impossible nature of the task. How to commemorate in mortal and stone, or indeed in any material, the extermination of 90 per cent of Europe's Jewish children?

The solution finally reached was a simple one, and produces an effect which can seem almost unbearably poignant. One enters a small darkened chamber; on the wall near the entrance are enlarged photographs of three unnamed children who perished in unattributed circumstances within the maze of the death camps. Beyond, the flame of only one candle is reflected in countless mirrors until the viewer is surrounded by endless flames, conveying both the fire of infinite loss and the flicker of hope.

First-hand accounts of their

experiences by children have been relatively rare. They were either too young or, once arrived in concentration camps, too deprived of even basic necessities to afford the luxury of recording reactions and events.

Most of us take our knowledge of a child's response to the events of the Holocaust from *The Diary of Anne Frank*, which continues to be the most widely read non-fiction book after the Bible. Yet as Deborah Dwork pointed out in her 1991 pioneering work, *Children with a Star*, the idea that keeping a diary could be considered a normal event for children in hiding is erroneous. Even if the materials had been available, the risk of discovery was too great since entries would identify the inhabitants as Jews, and even innocent remarks could disclose their network of accomplices.

From the perspective of 50 years after the events, many child survivors of the Holocaust have reached a point where they

feel compelled to impart their particular experiences for their own families or posterity. Although all are driven by a common desire to bear witness for the vast majority who are unable to do so, their testimony and circumstances are as varied as the subsequent lives of the children themselves.

Benjamin Wilkomirski, now a classical musician living in Zurich, offers a new perspective on the controversial syndrome of recovered memory. Diagnosed in middle age as suffering from leukaemia, he began therapy with an analyst who enabled him to retrieve fragments of his childhood sufferings. After years of confusion, he recalled his father being shot in front of him in his native Riga, and then at the age of three or four awakening amidst strangers in a death camp.

Horrific as were these events, they were compounded by an adult conspiracy at the war's end to make him deny his experiences: "Children have no

THE DIARY OF A YOUNG GIRL: THE DEFINITIVE EDITION
by Anne Frank
Viking £16, 339 pages

CASTLES BURNING: A CHILD'S LIFE IN WAR
by Magda Denes
Doubleday £15.99, 344 pages

FRAGMENTS: MEMOIRS OF A CHILDHOOD, 1939-1948
by Benjamin Wilkomirski
Picador £9.99, 155 pages

THE DARKEST CHAPTER
by David Ben-Dor
Canongate £9.99, 149 pages

memories, children forget quickly, you must forget it all. It was just a bad dream." Wilkomirski now works with

Children of the Holocaust societies as well as psychologists and historians trying to tackle the problems of child survivors.

David Ben-Dor delves into the even murkier question of Jews who collaborated. His father, whom he detested, was the only Jewish doctor in Innsbruck; he conspired with the Nazi occupiers and thwarted every attempt made by his wife to save the family.

After deportation to Lithuania, his father continued to treat members of the Nazi high command, even targeting fellow Jews for deportation in the certainty he would be protected. In the end they, too, were rounded up and sent to their destruction with no more consideration than had been shown the others. Ben-Dor has published his account in an attempt to plug "the one gap which still remains to be filled", namely "What part did the Jews themselves play in their own destruction?"

Magda Denes, a professor of

psychoanalysis in New York until her death last year, provides a chronicle of the lengthy, numbing deprivation and danger she endured in Hungary, including her brother's death and her mother's heroic efforts to ensure their survival. Her father, too, merits opprobrium. A prominent Jewish publisher in Budapest, he abandoned his family to their fate by fleeing to New York, using the family savings to buy himself a first-class ticket and an Imelda Marcos-sized wardrobe. Denes notes wryly, "F. Scott Fitzgerald was expensive to emulate particularly if one lacked his talent."

Its publishers describe this book as the "most important account of war seen through a child's eyes since Anne Frank". Unhappily, Denes' attempt to render a detached and truthful account reveals only a thoroughly disagreeable and tediously obdurate child, however precocious or justified by circumstance.

Memoirs such as these make one even more grateful for Anne Frank's manuscript. Rereading her diary in this new expanded edition, which adds more material without altering our perceptions, one is struck anew by her grasp of human nature, generosity of spirit and powers of description. By contrast, Ben-Dor seems consumed by both guilt and spite, and Wilkomirski crippled by the damage he sustained.

Above all, none of the three comes close to matching Anne Frank's spontaneity and mastery of language. One wonders what her retrospective account would have been like had she survived to write it.

While these written narratives can be evaluated, it is ultimately pointless to compare atrocities. Whether in hiding, exile or the camps, all endured hardship and each tells a story which casts light into the darkness of this most heinous of state-sponsored crimes.

The purpose of such publications is reflected in these words spoken by an inmate to new prisoners on their first night in Sachsenhausen: "I have not told you of our experiences to harrow you, but to strengthen you... Now you may decide if you are justified in despairing."



Between Scylla and Charybdis

The translator's lot for Homer is not a happy one, writes Nigel Spivey

Two qualifications are required of those attempting to translate Homer's *Odyssey*. The first is an understanding of ancient Greek. The second is an inability to write good and convincing modern English.

So it seems. Take a sample of 20th-century translations from a typical snippet of the narrative at the beginning of *Odyssey Book II*, where Odysseus and his men are setting off from the island of the enchantress Circe. "But Circe then, the fair-tressed terrible / Goddess of mortal voice, our sail to spread, / Behind the blue-prowing ship sent forth anon / A following wind", begins J.W. Mackail unpromisingly in 1906.

But one does not have to reach so far back to find "translations" - ridiculous diction and twisted syntax. "Circe / of the lovely hair, the dread goddess who talks to mortals, / sent us an excellent companion, a following wind, filling / our sails, to carry from stern the ship with the dark prow",

laboured Richmond Lattimore in 1959. Or: "She sent from behind the ship with its dark-blue bow a favouring breeze that filled the sail, a good companion, did Circe of the lovely hair, a formidable goddess with a voice". Thus Roger Dawe in 1993.

If these are the respectable translations, no wonder we may prefer the charlatan paraphrasing of Ezra Pound, with its modernist archaism ("swart ship", "trimcoiffed goddess", etc.). At least Pound does not give the impression that the English language is some weary beast of traction he has to fling into service, reluctantly hauling itself down routes both weird and familiar. W.H.D. Rouse's declared version of the *Odyssey* in "plain English" (1937) gives a passable summary - "The radiant goddess Circe sent a sail-filling wind behind us, a good companion for the voyage" - but that is a summary, not a translation. So we may turn to Robert Fagles' new effort with more dread than hope.

"But Circe the awesome nymph

with lovely braids / who speaks with human voice, sent us a hardy shipmate, / yes, a fresh following wind ruffling up in our wake, / bellying out our sail to drive our blue prow on".... Verdict? Not bad, I think - but would one want to plough through thousands of lines like this, when lapses into translationese such as "awesome nymph with lovely braids" are already appar-

HOMER: THE ODYSSEY translated by Robert Fagles
Viking £25, 541 pages

ent? And while one can understand why the translator has turned Homer's salutation of the breeze as a friend or associate (the Greek is *hetairos*) into the more specific "shipmate", does he really want the ahoy-me-hearths connotations that "shipmate" must evoke in modern English?

The translators have their defence. They will point out that Homer's Greek was out of kilter

with normal usage in Homer's own time. Some translators, like T.E. Lawrence, have indeed worked on the assumption that Homer was close to illiteracy, a "rustian" bard whose formulaic old-fashioned phrases may be matched in a sort of quaint homespun English. Others will plead that fidelity to the original precedes or even precludes achieving decent English idiom. And others, I suppose, get so hermetically absorbed in the task of rendering line by line that they simply forget the rhapsodic duty to delight, move and above all hold the attention of readers or aud-

Fagles is not in the business of knocking Homer's language into the script of a Spielberg swash-buckler. He allows for the quality of "lift" or difference in Homer's fantasy, terming heroes as "galants" and villains as "scoundrels". Rightly, he turns to modern parlance for Homer's direct speeches ("Mum's the word", "go scot-free", etc.). And there are moments when Fagles makes music in English

that matches the Greek - such as the description of Achilles in Elysium. "Loping with long strides across the fields of asphodel, / triumphant in all I had told him of his son, / his gallant, glorious son." Boomed by Ian McKellen for 13 hours plus on an accompanying Penguin Audiobook (£34.99), the poetry is delivered in the manner for which it was originally composed. So this is a worthy effort. Perhaps, short of rewriting Homer (as Plato wanted to do), it is as worthy as a poetic translation will ever be.

But certainly it will not be the last. Fagles' text is introduced and annotated by leading American Hellenist Bernard Knox. When Robert Fitzgerald's verse *Odyssey* came out in 1961, the same Bernard Knox hailed it stoutly: "It is safe to say that this will be the standard English version for a long time to come." Homer, patriarch of Western literature, is well into his third millennium. A long life for his translators, it appears, is barely more than three decades.

grounds that they are operational matters.

"That gives ministers power without responsibility, and the director general responsibility without power," Lewis concludes.

His solution goes further than that canvassed to answer similar accountability in other executive agencies - allowing chief executives to debate the impact of policy with the public and MPs. Rather, he argues, prisons should be separated off, treated more like the police, and run by a statutorily appointed board.

The board, rather than ministers, would have the power to hire and fire the director general. Ministers would set the budget and use the secondary legislation which enshrines the prison rules to define and change prison policy - with a reserve right to intervene. That would allow more openness and accountability on both sides, he argues. It is, he acknowledges, a solution which "may not appeal to any but the most innovative of governments." Indeed so.

Nicholas Timmins

Revenge may be a dish best eaten cold. Derek Lewis's account of his 1,000 days as director general of the prison service is red hot, however.

It reads like a political thriller. It has heroes, villains and scandals, large and small. The heroes include Kenneth Clarke, the home secretary who appointed

him, Lewis himself, the best of the prison governors and many prison staff.

The villains are unsurprisingly headed by Michael Howard, the home secretary who sacked him and who fought furiously to deny any responsibility for the events

which led to Lewis's dismissal - a clutch of riots, the suicide of mass-murderer Fred West, the IRA breakout at Whitmore and the high security escape from Parkhurst.

The villains also include the more recalcitrant or unimaginative governors, the prison officers' union, whose power Lewis helped break, and, in considerable measure, the civil service - largely for the bureaucratic, unfocused and unbusiness-like way it ran the show before Lewis arrived and for its painful inability to embrace change quickly.

The scandals include the state of the prison service,

the policy swings between rehabilitation and Howard's "prison works" philosophy, and the abysmal failure to treat the criminal justice system as a whole, encouraging prevention before punishment.

The book's driving forces are three-fold. First simply to tell, rivetingly, the tale of the prison service's first - and perhaps last - 1,001 days with a private sector boss at its head. A man who arrived from Granada television and UK Gold, knowing nothing about the subject, but who left - pace the events which led to his sacking - with considerable achievements behind him and a continuing commitment to the penal system.

Second, an element of revenge. Lewis is profoundly concerned about his reputation and out to defend it. Many other reputations suffer on the way - most of all Michael Howard's. His is enhanced only in the sense that those who see him as a "dark, closed-up person" driven by populism, political ambition and little else, will

have their beliefs amply confirmed.

The book's lasting value, however, will be the way the narrative supports the questions Lewis has repeatedly raised since his sacking about whether the prison service can in fact be run as it is now - an arms-length, executive agency of the civil

HIDDEN AGENDAS: POLITICS, LAW AND DISORDER
by Derek Lewis
Hamish Hamilton £20, 256 pages

service, with a theoretically clear division between policy (the responsibility of ministers) and operations (the remit of the director general).

Lewis's answer is no. With the chief executive unable under the rules to comment about policy and its impact on operations, there is as a result "little to prevent ministers imposing half-baked policies or budgets and then washing their hands of the resulting disasters on the

Rereading/Angus Calder

In its prime

There are novels by Jane Austen, Dickens, Turgenev and Tolstoy which I have felt at times I knew by heart. There are poems by Yeats and MacDiarmid and MacNeice which are never far from the surface of my mind. The funniest book I have ever read is probably Wodehouse's *Summer Lightning*. But there's only one book I think about every day of my life - *The Prime of Miss Jean Brodie*.

This, I have to confess, is for parochial reasons. I walked down just now from Church Hill, Morningside, Edinburgh, where Miss Brodie lived, past "Marcia Blane's", actually the old Gillespie Girls, where she taught, to my own flat near where on one occasion she led her "set" of girls into the Grassmarket, then, in the 1930s, one of the foulest stunts in Europe...

Muriel Spark, who grew up here, has infested my city with memories of Miss Jean, triggered again when I walk up to the Royal Mile and pass the prominent tavern named after her ancestor, Deacon Brodie, cabinet-maker by day and robber by night, eventually exposed and executed, a prime example of the "doublethink" in human nature which so impressed Hogge, Stevenson - and Dostoevsky. Miss Jean shares with Hogge's *Justified Sinner* the antinomian conviction that she is somehow "saved", and can do or say nothing which will incur divine retribution. Apparently trying to expand the horizons of "her girls", she is straitly imprisoned in her own ineffable solipsism.

Living human triggers of thoughts of Brodie are fewer than they used to be. Maybe 20 years ago I was walking in the New Town with someone who exclaimed, at the sight of a most respectably dressed, typically "Edinburgh", old lady, that she had been, during the war, the mistress of a famous British journalist in Moscow... The "Morningside" mentality, the obsession with an outward version of gentility, is one which Miss Jean defies yet shares. The Glasgow equivalent is "Kelvinston", and I had an elderly relative by marriage who was very nearly a Glasgow Brodie. Ethel was an unmarried teacher at an esteemed girls' school who held theoretically advanced views and had no doubt tried a bit of hanky panky in her day. When offered a second sherry she would invariably warn us that it might release her "innest secrets", though, alas, it never did.

Once when the family were listening to Beethoven, she stormed down from her bedroom demanding, "Won't you switch off this awful jazz?" I don't think Miss Jean would have made that mistake, but I somehow relate it to her delusions about Mussolini and Hitler. Miss Jean, in authority as a teacher, communicated the sense that she knew the world through and through, when in fact she was extremely naïve.

Miss Jean is very precisely located in the ethical world of Lowland Scotland at a time when Calvinism had found its theological grip, but the grudging puritanical mindsets which it had instilled survived amongst

middle classes who still went to church to show others they were there. Her callow support for Fascism and Nazism represents her will to be unorthodox, as does her awful affair with a rich gutless music teacher. She tries to impress on her chosen ("elect") girls the supreme value of Art, but her notion of Art is at bottom petty bourgeois. If we see her ultimate sacking as tragedy, it is the Morningside Tragedy of a woman who goes Too Far - but not far enough.

And is very widely loved. Miss Jean first appeared in 1961 in the New Yorker. She took the West End by storm in an inadequate stage version, on which was based a film version, which at least preserved a definitive impersonation by an English

actress, Maggie Smith. Miss Jean is tough enough to stand up to all sorts of mistreatment. Morningside to the core, she appears to have worldwide appeal. She lives with Quixote and Hamlet, Ahab, Pickwick - and Philip Marlowe and Jeeves - in that realm of archetypes where fictions are irresistibly real. And she has survived the remarkable erosion of Morningside culture over the last 15 years or so.

Why does she so survive? Quite simply, Spark is a wondrous writer. Reading this novel, one feels that Spark can out-Jane Austen and out-Charles Boz. There are exquisite parodic passages, and excruciatingly funny sentences. And moments of piercing beauty, as when Edinburgh's grey stone is transfigured by sunlight. Spark was a "strict" poet, unable to make headway in her preferred medium. A theme of Brodie is "the transfiguration of the commonplace", on which Miss Jean's favourite pupil Sandy, who "betrays" her, writes, having turned nun, a psychological treatise.

Spark's Catholicism is hard to construe. We are given to understand that Brodie is a very dangerous heretic indeed, who believes herself to be God. But she is also a beautiful woman "in her prime" who "transfigures the commonplace" for her pupils, and what happened, early AD, in Palestine, was, Christians believe, the supreme transfiguration of commonplace humanity. The beauty which Spark's poetically associates with Brodie may relate, for her, to incarnation and resurrection. As a non-believer, I feel such beauty is significant enough, merely, as beauty. "For those who like that kind of thing", as Miss Jean has it, "that is the kind of thing they like."

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ARTS

The simplest ideas are often the best. The National Gallery has a clutch of paintings by Monet, a dozen in all covering his career from 1869, when he was 29, with the boats and bathers at La Grenouillère, to the shimmering near-abstracts of the water-lilies of 1919. And what could have seemed more obvious than to bring them together for a while with all the other Monets in public hands in London, the three from the Tate and three more from the Courtauld? And why not ask around to see if there are any in private hands it might be possible to borrow? Here are another seven.

Once mooted, the only surprise is that it hadn't been thought of long ago. The nominal excuse is that for the next four years all continental works after 1900 are to hang at the Tate; we can only ask who might be next for the treatment. After all, it has all the advantages - minimal transport costs and insurance; a focus upon permanent collections that we all too readily take for granted; the celebration of both the generosity of benefactors and the presence of curators; the odd private surprise to lighten the enjoyment of the long familiar; at a total of 25, a perfectly reasonable number for an exhibition.

There is no better painter of landscape under snow than Monet, and this little exhibition holds two prime and exquisitely beautiful examples. One, "Lavacourt under Snow", dated 1881 but more probably painted during the severe winter of 1879-80, is among the most familiar of them all, for it was the very first Monet to be acquired for the National Gallery, by the Lane Bequest in 1917. In 1906, when it was first available, the trustees made clear they would not accept it even as a gift.

With its boat to one side, poking out between banks of opalescent paint, bluish for the shadow and glowing pink for the winter sunshine, it looks forward to the pure, painterly, poetical simplicity of the "Nymphs" of his later years. On the other side, its row of cottages and scrubby trees oddly anticipate Van Gogh's, who had hardly yet picked up his brush at Auvers some nine years later. Familiar as it is, nothing could be more beautiful, and it is all done, not by linear description or close following of form and detail, but by association somehow suggested in the paint. Here is the paint as paint, and yet we know that place, those



Purple water-lilies on their dark brown pool, 1917: one of Monet's paintings in private hands to join the National Gallery exhibition

Reflections on Monet

William Packer reviews a few choice works by this magical, mysterious artist

trees, that stream, and feel that cold. It is a kind of white magic, witchcraft. And this magic fills the two rooms at Trafalgar Square currently given to his work. We start with two youthful paintings, a rather clumsy view along the bay at Sainte-Adresse on the Normandy coast (1864) and some apples, grapes and pears on a white cloth (1867), strongly lit and firmly modelled, looking back to Courbet and Chardin. But then, from that still-life to the next painting here, those bathers

at La Grenouillère, the creative distance travelled in two short years seems greater than from thereon to the very end. While we might wish to bite into that succulent pear, we can hardly claim to see foreshadowed in the handling of its firm flesh those ambiguous yet palpable evocations of light and space, depth, reflection and recession, of the water-lily paintings of Monet's old age. But in the shady dappled water at La Grenouillère we can, and in every single work

thereafter. For all the obvious differences, there they are, after their fashion, alike in the crowded harbour of Le Havre (1873) and along the golden autumn river-bank at Argenteuil (1873). We find them in the subtle greys and pinks and violets of that second lovely snow scene, one of the private surprises, again at Argenteuil (1875), depth, reflection and recession, of the smoke-filled canopy of the Gare St-Lazare (1877).

In the broad simplicity of its handling and rich confection of tone and colour, the

connection may be obvious enough between a hay-stack in a snowy field at sunset (1891) and some purple water-lilies on their dark brown pool (1917) - two more in private hands. But how intriguing to see the connection made no less clear in the Courtauld's vase of flowers (1882), and in the brown, blue and purple shadows of the Queen Mother's superb rocky hillside in the valley of the Creuse (1889).

Does one, should one, have a favourite? Hard to say. The Creuse; the snow; the purple

lilies; those happy bathers? But whichever, Monet always comes back to us, no matter how much we might dismiss him for his familiarity and seductive facility. He is the purest, most immediate and direct of painters, and at once the most mysterious. An image, a thought, a suggestion might seem at first to do it, but he holds us in the paint.

London's Monets: The National Gallery, Trafalgar Square WC2, until May 5; sponsored by Merrill Lynch.

All shook up over classical music

Does 'downsizing' mean going downmarket? Andrew Clark talks to the president of PolyGram

If you believe the doomsters, the classical record market is not just in the doldrums - it's in free fall. The retail trade, they claim, will soon be redundant, as music becomes accessible on the Internet; musicians and consumers will join hands in cyberspace, unencumbered by record companies acting as middle-men.

It's a fascinating piece of crystal-ball-gazing, but reality is more down-to-earth. The big record companies are still recording Beethoven symphonies and still making profits, albeit in smaller quantities than before. And after five years of stagnation, they have begun to adapt to the market-place.

Nowhere is the need for rationalisation greater than at PolyGram Classics. British-based but Dutch-controlled, PolyGram brought together three major labels, Deutsche Grammophon (DG), Decca and Philips, in the 1970s to become the biggest player in the market. By the late 1980s, like EMI and other rivals, it was enjoying record profits, as consumers bought CDs to replace their vinyl collections. It received a further boost in 1980 with Decca's release of the first Three Tenors album, which sold more than 10m copies.

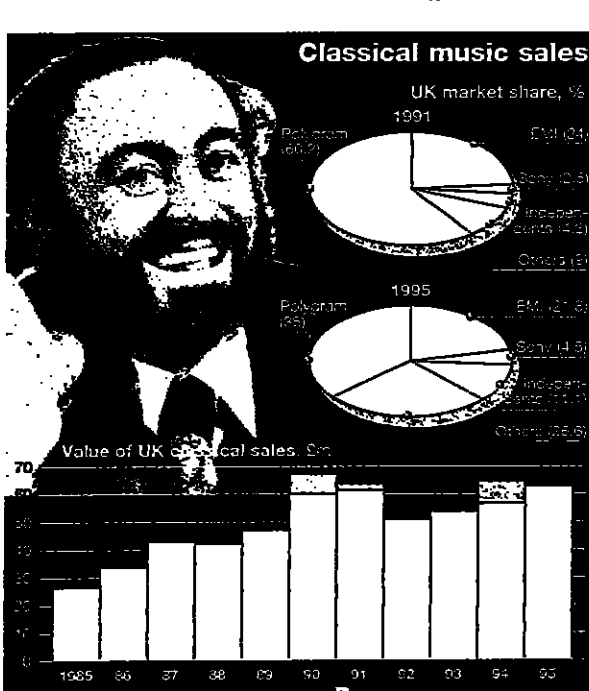
With the saturation of the CD market, however, the big record companies took a tumble, and PolyGram Classics had fared no better. Between 1991 and 1995, it lost almost half its UK market share; worldwide turnover slumped from £1,012m to £1,822m (£246m) - a drop in real terms of 23.8 per cent. Built on the back of names like Karajan and Pavarotti, PolyGram Classics had become fat and complacent. Its marketing was old-fashioned, there was no strategy behind its recording policy. Its three labels often found themselves in direct competition, but they were increasingly indistinguishable to the consumer. Jolted by the arrival of Sony Classics, which tried to poach some of its biggest names, PolyGram had committed itself to expensive artist contracts on the assumption of an ever-booming market. When sales slumped, it was too big and inflexible to respond. It needed a new broom.

Step forward Chris Roberts, a 35-year-old American with musical training and experience in record retailing. Roberts joined PolyGram in 1989, took control of the combined US classics and jazz division in 1994 and was appointed president of PolyGram Classics in Jan-

uary 1996. He is now shaking it up, slimming it down and giving it new focus.

Downsizing was inevitable. The three PolyGram labels had no fewer than 22 versions of Musorgsky's *Pictures of an Exhibition*, and 20 of Vivaldi's *Four Seasons*. Some Mahler symphonies, costing up to £80,000 to make, were selling barely 2,000 copies. "PolyGram Classics had become an anachronism," says James Jolly, editor of *Gramophone*, "and some of its problems were of its own making. The classical record market has reached the end of an era, it needs to start again with different rules. If Roberts can get the right recipe for each label, he might make a go of it."

Roberts's strategy is based on aggressive cost-cutting and marketing, much of it modelled on the pop business. It involves: ■ Cutting staff by a third, leaving the group with a payroll of around 250. There has been a clear-out of personnel at the top, and DG and Philips are relocating to Berlin and Amsterdam. Roberts says the big record companies can learn from small independent labels: "If you're big, it's hard to adjust to change. We're not downsizing because we're intimi-



dated, but because it's a better way to do business, to have a choice about how you want to record, where and with whom. The key is flexibility."

■ Sharpening the identity of each label. DG, which had begun to stray into contemporary and crossover music, is being redefined as a German-based label for core repertoire. Decca, with names like Bartoli, Gheorghiu and Pavarotti, will focus on vocal and operatic music. Philips, which had the least-defined identity, is diversifying into contemporary, early and New Age music, without deserting well-established names like Hattink, Mariner and Gergiev. "Instead of three labels competing in the same repertoire," says Roberts, "we now have three labels which complement each other."

■ Cutting new releases by a third. DG, for example, will drop to around 75 a year. According to Roberts, "all our artists are beginning to realise they must create

more out of less. Historically, the artist would bring his choice of repertoire and we would record it - no questioning, certainly not from a marketing point of view. It's not like that now. We all have to be partners in the process. It means that when you come up with a new release, you have to be able to define to the market why your product is special. Behind every recording there has to be a strategy."

■ An emphasis on media-friendly artists, and closer coordination of record releases and artists' tour programmes. Citing the young German conductor Christian Thielemann as a role-model, Roberts says musicians must become involved in promoting their records. The key issue is not repertoire, but "how much you do, the balance of what you do, and the way you bring it to the consumer."

Like most other classical music managers, Roberts is preoccupied by the shrinking core public in the 45-65

age-range, and the need to attract a younger audience. He says "the huge circle of people between 25 and 45 has never been attacked because there's this self-consciousness about lowering standards. We have to establish an infrastructure to bring these people in, to do things which encourages them to say 'I've listened to *Shine*, I want more Rakhmaninov and Vivaldi.' I'm not so naive to think that Philip Glass will stimulate interest in Beethoven symphonies, but doing projects with Glass or Elvis Costello, or whoever they might be, creates an arc of business we never had before. It's about finding innovative ways to take traditional repertoire to a new audience. The problem with the classical business is that it has never been marketing-oriented."

So is PolyGram heading rapidly downmarket? Roberts insists that commercial logic and artistic value are not mutually exclusive. "The big sellers can be highly artistic - look at Gardiner, Bartoli, Terfel. Rodgers and Hammerstein CD sold 100,000 in four months. Maria Joao Pires's two-CD Chopin set is also into six figures. She's unusual, she's unpredictable, she's enigmatic - there's a story to tell."

Roberts does not exclude the Internet from his strategy. The technology exists, he says, and once licensing restrictions are formulated, "it will be no less competitive than television programming. Unlike the retail business, where you can't store the complete catalogue because it doesn't move quickly enough or there's not enough space, the Internet can store everything. But you can't just say that because something exists, people are going to download it. The choice is crazy today, and will only become crazier. That's why brand identification, artist identification, are so important."

Television/Christopher Dunkley

Invasion of the The Hive

You have not been watching *Dark Skies* on Channel 4 on Monday nights? You'd like to start but feel that missing the first ten episodes might be a bit of a drawback? No problems, ten episodes scarcely get you beyond the introduction. There are 19 episodes in this opening season, and they don't take the plot beyond the 1960s. You thought *Our Friends in the North* was epic television drama? Epic schenepic, *Dark Skies* has plans for further seasons following the story through the 1970s, '80s and '90s. It may never end.

Basically this is an "Aliens Take Over The Planet" plot, but with a twist. If only we had kept our wits about us, we (well, those of us who lived through the 1960s) could have realised what was going on because it turns out that virtually all the major news events - from the Cuban missile crisis to the Kennedy assassination, from Howard Hughes's confinement in a Las Vegas hotel suite to the Alaskan earthquake of 1964 - were, in one way or another, the responsibility of The Hive.

And The Hive? That is the collective name for the weird thingummyjigs which take over human bodies, rather as those pods did in Don Siegel's splendid but scary 1956 movie *Invasion Of The Body Snatchers*. The eerie thing is that, outwardly, the human hosts still look exactly the same. Of course, this being 1997, with Ridley Scott having made *Alien* in 1979, and James Cameron *Aliens* in 1986, such things now have to be explicit and horrible and so we have seen that these particular creatures are screaming langoustines which wriggle into one of your orifices and make their way to your cerebral cortex. There they lurk, providing you with the ability to communicate telepathically with other Hive creatures, and subtly altering your humanity so that your friends look at you sideways.

Jack Ruby was Hive, which finally explains all that Lee Harvey Oswald business, and there was a time when Kimberly Sayers was Hive, too. Kimberly? She is our heroine who criss-crosses the United States in a magnificent fifties' Studebaker with tail fins the size of an English family saloon, driven by our hero, John Loengard, pronounced "Low On Guard". Kimberly has been de-Hived, a perilous process which involves drinking a tankard of foaming sherbert (to correct the pH balance in the body) and then getting a friend to inject you with a pint or so of nail polish remover, using one of those hypodermics usually reserved for cattle.

In the very first episode Loengard told us "I came to Washington to stand in the light, fighting for the things I believe in". Fat something

like that into a British fantasy series and everyone would fall about, but Americans - with a solid tradition behind them of westerns in which men were always doing what men had to do - can get away with it. The point is that Loengard was a member of the Kennedy Camelot set who, as a political researcher, discovered that the famous 1947 incident in the desert at Roswell did indeed involve a visit from a flying saucer and that President Truman himself was present. Episode 1 included a *Close Encounters* scenario in which the American military shot down the alien visitors, an act of trigger-happy idiocy from which everything else in this highly enjoyable farrajo stems.

In particular Loengard became involved with the shady government organisation Project Majestic which can over-ride the commands of the Army and is even powerful enough to stick out its tongue at J. Edgar Hoover. Having run with the Majestic hounds for a while, but taken exception to their ethics (well, lack of them), our hero is now a renegade fox, answerable only to Robert Kennedy - and I am afraid The Hive may have plans for Bobby. So now *Dark Skies* has this rather attractive couple in a vast gas guzzler, walking point, as we used to say in 'Nam, out on the leading edge, in the most dangerous position.

Despite their meddling they are tolerated by the cynical and sinister forces of Majestic because Loengard has an uncanny instinct for smelling out Hive activities, and Kimberly (impossible to write that name without hearing Victoria Wood say it...) has something residual around her cerebral cortex which enables her to suss out baddies like a latterday Sherlock Holmes.

Given the number of Americans who believe that NASA's entire space programme was mocked up in a television studio; and given the number who sincerely believe they have been abducted by aliens, injected with something or other, and sent back to live among us, it would be interesting to know how many see *Dark Skies* - with its UFOs and its devious government agents busy suppressing all news of UFOs - as the gospel truth. And does the series not owe a large debt to *The X-Files*? Of course, and to *Twins*, *Peaks*, and even to James Bond. The stolen portrait of the Duke of Wellington hanging in the villain's lair was the predecessor to all these reinterpretations of baffling news stories. Why is it that the British, who had such triumphs with *The Avengers* and *Dr Who* all those years ago, now seem so sad at this sort of hokum?

Phone in to La Scala

On Thursday La Scala finally introduced a 24-hour international telephone booking service for opera enthusiasts the world over. To book tickets from anywhere in the world the number is 39 (the Italian country code) 2 (the Milan city code) 860787. For Milan residents the number is

860775. After booking tickets by telephone it will be necessary to confirm these by fax within 48 hours quoting the booking number. Tickets will then be sent by registered post and payment can be made either by credit card or bank transfer.

Paul Betts

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ARTS

Boiling at the Met! First nights were not always like this, when operatic superstars sang from the front of the stage and a producer like Franco Zeffirelli clothed them and the opera in luxurious trappings. The old guard probably look back nostalgically on evenings like those.

Opera in New York is changing: while the new management at New York City Opera is raising hopes for the future, the Metropolitan Opera has decided to tiptoe into the 20th century before it is too late and have a look at what is going on in the more adventurous realms of opera production. Over the years it has been easy to criticise the Met's old-fashioned shows, but an opera-house which depends on private subscriptions has to carry its audience with it. No comfy grant, no avant-garde experimentation.

I would say the Met has timed its move very cleverly. Having shunned the gloomy political productions from the wave of East German producers who swept Europe in the 1970s and '80s, it is now cherry-picking the more imaginative of the new

Tiptoeing into the 20th century

The audience may boo, but opera in New York has never had it so good, writes Richard Fairman

generation - mostly English-speaking producers, like this season's Tim Albery (British) and Robert Carsen (Canadian).

Nor does the company need to worry about its supply of the top singers. Europe's financial problems mean that opera-houses in the US should have the stars in the bag. With France and Italy cutting back their arts funding as part of the drive towards budgetary discipline, fees have dropped dramatically, at least outside the operatic centres of Paris and Milan. In Germany, there is also the much-loathed "visitors" tax, which can slash a foreign singer's fee almost by half. Opera-loving New Yorkers seem to have everything going for them at the moment.

Not that the Met's famously conservative audience is at all appreciative. There was a babble of catcalls that rivalled the Tower of Babel after the new production of *Yevgeny Onegin*

last week (I had Italian obscenities in one ear and German insults in the other). Having come from seeing his Paris production of *Lohengrin* being booed at the Bastille, I am starting to feel sorry for Robert Carsen. He does not set out to be controversial, like some of his colleagues, and this *Onegin* was in many respects very touching - simple, beautiful, sensitive to the mood of the opera's period.

There were no sets - forget Zeffirelli, the Met producer par excellence - just blank walls, against which the lighting designer, Jean Kalman, projected a wondrous series of autumnal sunsets, chill Russian dawns and moon-lit night skies. Tatyana wore her letter in her attic bedroom and, in a gloriously romantic dream sequence, imagined herself running among the stars. The scenes of social gathering were neatly enclosed on the open stage. Everywhere there were

subtle observations on Tchaikovsky's understated characters.

The main problem - self-imposed by the production team - was the lack of an interval after act two, when years are meant to pass. Carsen showed us Onegin washing his hands after Lensky's death and getting dressed to appear in society again, which had the double disadvantage of being too clever by half and depriving the famous Polonaise of any dancing. A more charismatic Onegin than Vladimir Chernov might just have carried it off, but Chernov's appeal lay more in his burnished baritone with its easy top notes than any projection of character.

For once in this opera it was Lensky who walked off with the evening. Neil Shicoff sang as freely and passionately as I have heard him, and for the Met audience there was the added incentive of seeing a home-grown American tenor returning to his

roots after years abroad. As Tatyana, Galina Gorchakova regained the vocal confidence that has sometimes eluded her of late. There was a keen Olga from Marianna Tarassova and a Filippovna to go down in the annals with Irina Arkhipova, the great Russian mezzo, making her Met debut at the age of 71.

What will have worried the company's management more than the whistles for the producer (virtually a badge of honour these days) was the very audible booing for the conductor, Antonio Pappano. The Met orchestra and chorus rank among the finest today in any of the world's opera-houses, but it was difficult to recognise them in this *Onegin*. Where was the famed beauty of the Met's string sound? Or even basic ensemble, as the opening chorus fell to pieces? At no point did the

performance settle comfortably into the Tchaikovsky idiom, fluctuating between rushed brilliance and passages of slow stagnation. Pappano is one of the brightest young American conductors and this uncomfortable evening must have been a big disappointment for his Met debut.

In the other two operas I saw last weekend, the orchestra happily regained its reputation. Stenart Bedford was the authoritative conductor in *Billy Budd*, driving Britten's drama ahead with crackling intensity. Ironically, this is one of the few Met productions from the 1970s to have won international notice for itself per se, an example of how a modern opera can benefit from a stage setting that has had some money spent on it. The cast was dominated by James Morris's awesome singing as a Claggart, whose very subtlety made him all the more sinister.

Dwayne Croft made a sympathetic Billy Budd, despite being clothed like a walking remnant from the hippy era, and it was a shame that Phillip Langridge's cancellation as Captain Vere deprived the central trio of its lynchpin.

The Saturday matinee of *Così fan tutte* was also struck by cancellations - including Cecilia Bartoli. Marie McLaughlin was flown in by Concorde and proved a Desolina with a quickness of reaction that was nearly superhuman. The two ladies of Carol Vaness and Susan Graham were decently partnered by the two men, Richard Croft and Nathan Gunn, both of them also substitutes, watched over by the sharp-witted Don Alfonso of William Shimell. But even if the production had been a less exasperatingly jokey affair, it would have been tempting to shut one's eyes and simply listen to golden Mozart orchestral playing, supremely paced by the conductor Martin Isepp, of the kind too rarely heard in the opera-house. Whatever else changes in New York, may there always be this musical treasure buried in the pit at the Met.



Cinema, the medium of the moment where old works can meet new minds: a Capulet gets ready to do battle in Baz Luhrmann's version of 'Romeo and Juliet'

Close encounters with literature

Nigel Andrews welcomes the new spirit of page-to-screen adaptations

The 20th century has dealt one major shock to the intellectual system: human beings have learned that, for good or ill, no trend is final. No war is "the war to end all wars." No medical advance will end the history of killer epidemics. No media soothsayer will ever second-guess the bizarre turns of popular culture.

One mid-1990s trend above all has boggled the cinephile mind. What is happening in a world where Jane Austen outgosses Joe Eszterhas (famed scribe of *Basic Instinct* and *Shogun*); where Michael Ondaatje bests the Oscars ("Who?" cried everyone in Hollywood four months ago); and where the name Shakespeare above a title is no longer thought to be a misprint for Schwarzenegger?

Cinema, the Eng. Lit. patient, lies in its strangest delirium of the late century. Critics cluster round the mosquito netting, peering in at a face scar-tissue from its incendiary encounter with cultural greatness. And the padding sound outside the door is that of the moguls, waiting for the best moment to come in and discuss the latest scripts based on Joyce, Conrad or Ivy Compton-Burnett.

Years ago everyone, including me, scoffed at Steven Spielberg when he spoke up for literature at the Oscar ceremony and hymned the power of "the word". The director of *Jaws* and *ET* appeared to be urging us to dip into Great Literature (chuckle) and there to find both great wisdom and great stories. "In the beginning was the word" seemed his message, proving that here was yet another Hollywood ego confusing itself with a supreme creator.

Now the laugh is on us. The word - or the good story plundered from great writers - has conquered everywhere. In virtual successive weeks we have had films from H. James, A. Miller and M. Ondaatje. And the big American release this coming week is not a Stallone assault course or a Jim Carrey comedy: it is *William Shakespeare's Romeo and Juliet*. Never mind the name above the title: get that money-making moniker into the title.

Now comes the second miracle. This tide of *belles lettres* cinema could have been a series of genteel, whitecap movies in the Merchant-Ivory mould. Instead every critical shipping forecast imaginable has been required to stay aloft in the sea of surprises.

We have had Henry James swirling with Freudian flora and fauna (*Portrait of a Lady*), Jane Austen whipped into cross-currents of

modernism (*Clueless*), Shakespeare Ruritanian (*Hamlet*), à la 1930s (*Richard III*) or long-hair-and-workshop-style (*Looking for Richard*). And next week we have the Bard's most famous love story directed by Baz Luhrmann, *Romeo and Juliet*, whose notion of literary reverence is to have a petrol station blowing up around a gun-toting Benvolio and Mercutio in the first reel.

The time has come, whatever one's cultural colours, to applaud the sheer richness of choices. For decades it never seemed possible that Hollywood, or Pinewood, could remove the shirt-stiffeners from literary adaptation without ruining the shirt. Previously, whenever western cinema abused the letter of a great work, it also abused the spirit. Yul Brynner in *The Brothers Karamazov*, Gregory Peck as Captain Ahab, Leslie Howard and Norma Shearer as *Romeo and Juliet*: horrors beyond measure, made all the worse by their intermittent attempts at "respectfulness".

Today, though, we are dazzled by the sophistication that goes with the new literary *l'es-majesté*. Even if we do not like every dot or comma of Jane Campion's way with *Isabel Archer* or Amy Heckerling's way with *Emma* Woodhouse, and even if we decry Richard Loncraine and Ian McKellen's

libertine approach to Richard Crookback, these are queuing, intelligent artists who seek the exact and resonant point of impact at which old works can meet new minds.

The House of York becomes the House of Oswald Mosley. The venomed peacocks of turn-of-century salon society is currently imaged in *Portrait* as a trawling of dismembered talking lips. The sisterly schemings of Jane Austen are transformed, with barely any loss of keenness or aptness, into the sorority satire of *Clueless*, set among Beverly Hills schoolgirls.

All this aesthetic earth-turning is leading to the exposure of a great truth: the more freedoms you take in transferring a work from one medium to another - provided the freedoms have a modicum of intelligence - the more faithful your work may be, in a profound sense, to the original. Faithful not to precise costumes or conversation, but to a work's right to have its message delivered in the keenest, freshest way, in the medium of the moment.

The new spirit of page-to-screen adaptation invites comparison with the much-maligned modern tradition of creative opera production. The conservatives say: "Wagner did not write his Rheingolds as housewives in a laundrette, nor did Verdi install a shower for Lady Macbeth." The adventurist says:

"What composer A or B stipulated for the audience of his time, with his and their special baggage of memories, attitudes and assumptions, may be to a large degree obsolete a century later when world wars, Marxism and other apocalypses have re-landscaped the human soul".

That so many recent filmmakers have responded to so many varied literature-based films is a triumph for both them and the films. It may also be a triumph for those cultural devices that have had abuse heaped on them for shortening our attention spans. What computers, video games and MTV may actually have done is to quicken our assimilation of meaning through image, of word through picture, of story trajectory through shorthand iconography.

No one is saying we need no longer enjoy the power of Shakespeare's verse or Henry James's prose on the page. The new cinema merely says: you do not send a work (literature) into a foreign country (movies) without translating it first. Accepting that, let us find the boldest and most passionate translators. By doing so we will introduce young filmmakers to bygone minds they might never otherwise have met, might never otherwise have heard of. Then just watch those novels and those plays take off - as they are already doing - in the bookshops.

Radio/Martin Hoyle Music and memories

The first general election since the advent of national independent radio has been announced and Classic FM is rising to the occasion - sensibly starting on April 14 rather than the present, with Susannah Simons assuming the mantle associated with the late Richard Dimbleby. The night election results special aims to combine news with soothing music, an impossibility, surely. We shall see, or rather hear.

Classic FM came to mind during James Naughtie's interview with the mezzo-soprano Susan Graham in the interval of *Così fan tutte* on Radio 3 last Saturday. Not the admirable Covent Garden *Così* which BBC 2 had televised, when simultaneous radio transmission would have been natural.

Nothing so straightforward: this was the New York Met relay. Naughtie obviously conforms to Sir Thomas Beecham's description of the British as quite liking the sound music makes while not knowing too much about it. His interview style is cosy, almost *Hello!*-ish; but at least it was more appropriate than a recent *Today* interview with Jeremy Isaacs when the nation's opera-lovers waited in vain for the sound of knife on jugular. Instead we had bland goodwill and a bottle of champagne broken across the Isaacs bows as he chugs rapidly away from the beached and foundering national flagship he "skipped with such authoritarianism if not authority."

Paperback Writers (Radio 3) parallels the current survey of the arts as we progress towards the millennium. Monday's opener claimed that the 1930s really took place in the '50s, indeed began, according to Will Self, when the atom bomb exploded over Nagasaki (why not Hiroshima?). Heavy American preponderance as expected from the BBC; but a salutary reminder of that sneaking feeling that assailed us, kaffan-clad and Beethoven-bopping as we were, that there was a wonderful party going on somewhere to which every one else was invited, even as we fell in love with love, revolution and enlightenment. We western provincials felt like reluctantly virtuous Tuscan farmers hearing rumours of wonderful decadence in far-off Rome.

That western province, Bristol actually, is producing a disproportionate amount of good radio. *Messages to Myself* continues to reassure

us of the civilising effect of keeping a diary. Last week we met Inga Joseph, a nine-year-old refugee from Anschluss Vienna, chronicling culture shock in 1938 Cornwall. In fact she was remarkably resilient, cycling cross-country to the hotel where her idols Laurence Olivier and Vivien Leigh were staying, for "a wonderful smile" and autographs. Fending off advances from the tenor Richard Tauber, dancing with a well-mannered and totally unknown British officer on Vi night: sexual experience with a barrister met on a train in 1949 (*Brief Encounter* was never like this); marriage and grandchildren. Social history in a momentous century, never less than fascinating. June Barrie read the diary.

He splendidly reliable Barrie was in *Hierlands*, a haunting set of variations on bereavement. Three actual women talked of deaths in the family - a mother, a husband, a suicide son - their recollections interwoven with a fantasy in which the three departed met on a breezy, twilight shore, at first slightly bewildered but gradually realising that they had to put to sea, leaving everything behind them. At first I thought the fantasy could never compete with the painfully acquired wisdom of resignation. The daughter admits that "I carry mum with me: if there's something beautiful, I say 'What do you think of that?'". "Cover him up well, keep him warm," said the widow seeing her husband's body, and collected seashells in jars, time capsules to remind her and the children that they survived. The bereaved mother recalled fantasising about it all being a mistake: Matthew would come back and, as mothers do, she would put everything right. In fact the final impact of Sarah Woods' "fusion of drama and documentary", directed by Claire Grove, was deeply moving, and something that radio does supremely well.

As was the final *Discursive* *Essentials*, here getting disagreeably belated applause, with the engaging explorer Benedict Allen in the desert. *Bird-Pecking Pulse* and *Three-Penis Wine* was a slightly surreal look at Chinese medicine in Bath; but they always did fancy themselves a cut above Bristol. Next week: the house-moving traumas of *Viewing Essentials*. Thank heaven for ordinary people.

Theatre/Sarah Hemming Revenge is sweet

Since the desire for revenge is one of the most powerful and most frustrated of human urges, stories about people who do manage to get their own back on whoever betrayed them are deeply heartening. In Debbie Liff's *The Woman Who Cooked Her Husband*, the joy is in the anticipation.

Liff's play, a revenge comedy set in 1850s suburbia, deals with one errant spouse and his come-uppance. Since the man in question loves his food and since the title gives away his fate, every time he returns to his wife and demands his dinner, we can savour the fact that the double-dealing skunk will be most appropriately disposed of. And when the much-maligned wife finally begins to mull over which sauce

would best suit him, the audience whoops with delight. Not so much black comedy, then, as char-grilled.

It must be said that Liff seems to regard the state of matrimony with some scepticism: you don't find much in her work of wedded bliss in her work. Among her earlier plays, *Punch and Judy* delved into domestic violence and *Femme Fatale* portrayed a couple struggling with the husband's transvestism. And in *The Woman Who Cooked Her Husband*, co-produced

faintly anatomical set, the characters have a cartoon-like quality and the piece moves forward in splintered scenes, spliced together with mime sequences, monologues and the songs of Elvis Presley.

The three performers - Denise Black as the wife, Ian Reddington as the husband and Vanessa Bray, as the purple-sateened lover - carry this off exceptionally well, building an easy rapport with the audience. It is a style best suited, however, to short, snappy pieces in small spaces. Over a whole evening and on the big stage, it begins to wear thin. But it has to be said that Tuesday night's audience devoured it with relish.

Nottingham Playhouse to March 29 (0115-9419419)

Ping-pong round the houses

That philosophical imponderable - the inside of a ping-pong ball - is partly the inspiration for, but ultimately as interesting as Simon Block's debut play *Not a Game for Boys*. Featuring a cab-driver's table-tennis team, it premiered 18 months ago at the Royal Court's Theatre Upstairs. Now revived by the Theatre of Comedy at the Derby Playhouse, it appears less intense on a main stage.

Two Jewish black-cab drivers and a shirty young mini-cab driver await their table-tennis match. The stakes are high: if they lose, they will be relegated to the second division. But it is in

their own lives where the real drama is being played.

Block has the cabbies' skill for taking us all round the houses. Team captain Eric avoids going home to his senile mother, frigid wife and disdainful children. His 45 minutes is sacred, "when I stand alone at the end of that green table". Tony has "schtopped some bird up the Aldwych", betraying his commitment to Lisa: "I'm only 29 and three quarters," he protests, "I'm not ready to start a family." Oscar is a bachelor, yet a know-all. He carries a gun for protection, but it does not even fire blanks. All three defend themselves with self-centred misogyny

through pitiful male badinage and semi-articulated mid-life crisis. They are divorced from reality. The women they moon about are at home, coping with it.

Influenced by David Mamet - the games-playing, the enfeebled aggression - Block is unable to match that playwright's rhythmic lyricism in the foul-mouthed language. There is a strain of Ortonesque black wit about Fat Derek, who died the week before at the tennis-table. And Block neatly embroiders his philosophising cabbies in ping-pong Socratic dialogues, while the third team member is playing off-stage.

Richard Georgeson directs

and Nettie Edwards designs - as at the Court. The production might have been better served by a new vision, although the actors do get as a rule. Gerard Murphy nicely fuses as Eric, nervously resting his arms on his paunch. Mark Letheren's Tony is edgy, guilty, hobbling and weaving with puny swagger. Bright Bill Treacher (his first stage role since playing the late Arthur Fowler on BBC's *Eastenders*) is an enervated Oscar, wobbling on a pair of knobby knees.

Simon Reade

at the Derby Playhouse until April 5 (01332 363375).

SPORT

Basketball

No slamdunks but many team players

The times are a-changin' for the better in Minnesota, says Jurek Martin

Any state that produces Hubert Humphrey, Walter Mondale and Bob Dylan knows about winning, losing and the hard rain that stops play. Yet sport and Minnesota have never made for an indelible association, a couple of World Series crowns for the baseball twins excepted.

On no diamond, rink or court has Minnesota achieved less than in basketball, generally accorded religious status in most of the mid-west. The old Minneapolis Lakers, led by George Mikan, the sport's prototype outside centre, did win five of the first eight professional championships in the immediate post-war years, but subsequently decamped to Los Angeles. In the 1990s, the modern Timberwolves have stopped fewer opponents than the Ancient Mariners.

The University of Minnesota's Golden Gophers boast no record to speak of. They took 50 years to win a Big Ten league championship, took their last one in 1962

and have never made the collegiate final four.

Yet, with the professional season two-thirds over and collegiate March Madness down to the round of the sweet sixteen, Minnesota is on something of a roll. The Timberwolves, improbably, have won as many games as they have lost and seem certain to make the play-offs for the first time.

The Gophers are ranked second in the country among university teams, behind only Kansas, whom they are fancied to meet in the final in Indianapolis on March 31.

Both teams speak volumes about the transitional state of modern basketball, where college may no longer be seen as a proving ground for the professional league and

young egos make mockery of old values and methods.

The Timberwolves' best player is forward Tom Gugliotta, a product of the old school who came out of North Carolina State after four hard years with a polished, rounded game. But after some good initial seasons with the Washington Bullets, he became trade bait for flashier talent, to the point that the move to hapless Minnesota last season looked like the end of his line.

His principal sidekick in this happy revival took a different route. Kevin Garnett, also a forward, skipped university altogether, while guard Stephon Marbury put in just one year at Georgia Tech before turning professional. Yet by some process

of osmosis, allied to ability, the three have combined to provide a triple threat to the NBA's best.

By contrast, Allen Iverson, the supremely talented Philadelphia rookie out of Georgetown, is drawing fire from his peers and the press for selfishness on the court and an "in your face" attitude off it, only partly explained by the fact that he plays for a poor side.

There probably is not a single Golden Gopher with a legitimate shot at professional stardom. But that means that coach Clem Haskins, no ingénue himself, has five role-playing seniors (fourth year men) on a hardened 10-man frontline squad. Kansas has a comparable deep veteran quality, as does

UCLA from California. By contrast, universities with one outstanding player but indifferent supporting casts (like Wake Forest with Tim Duncan and Maryland and Keith Booth) have already been defeated.

There is now an established transfer market within the university game — not only from junior colleges but also for those who could not cut it for the side which first recruited them. But the evidence of this month's tournament is that it takes more than a year to build a good side. South Carolina, Colorado and Duke, all bolstered by transfers, could not make it past the first two rounds.

The loss of talent, either to

the NBA or to other colleges, puts a premium on coaching. It is hard not to admire how Dean Smith of North Carolina has built a very competitive team out of material modest by the Michael Jordanesque standards to which he had become accustomed. An Iverson-less brick-shooting Georgetown may have fallen at the first hurdle, but John Thompson believes that even getting to the tournament was his finest and most enjoyable coaching achievement.

Few professional coaches enjoy comparable security and for them the revolving door this season has rarely turned faster. While the failure to win accounts for some comings and goings, it is becoming increasingly obvious that if a star player

becomes discontented it is the man with clipboard who gets the marching orders (an exception was the extraordinary February swap of half the New Jersey Nets for half the Dallas Mavericks, but both teams were going nowhere until the Nets recently rose up and beat Chicago and New York in successive games).

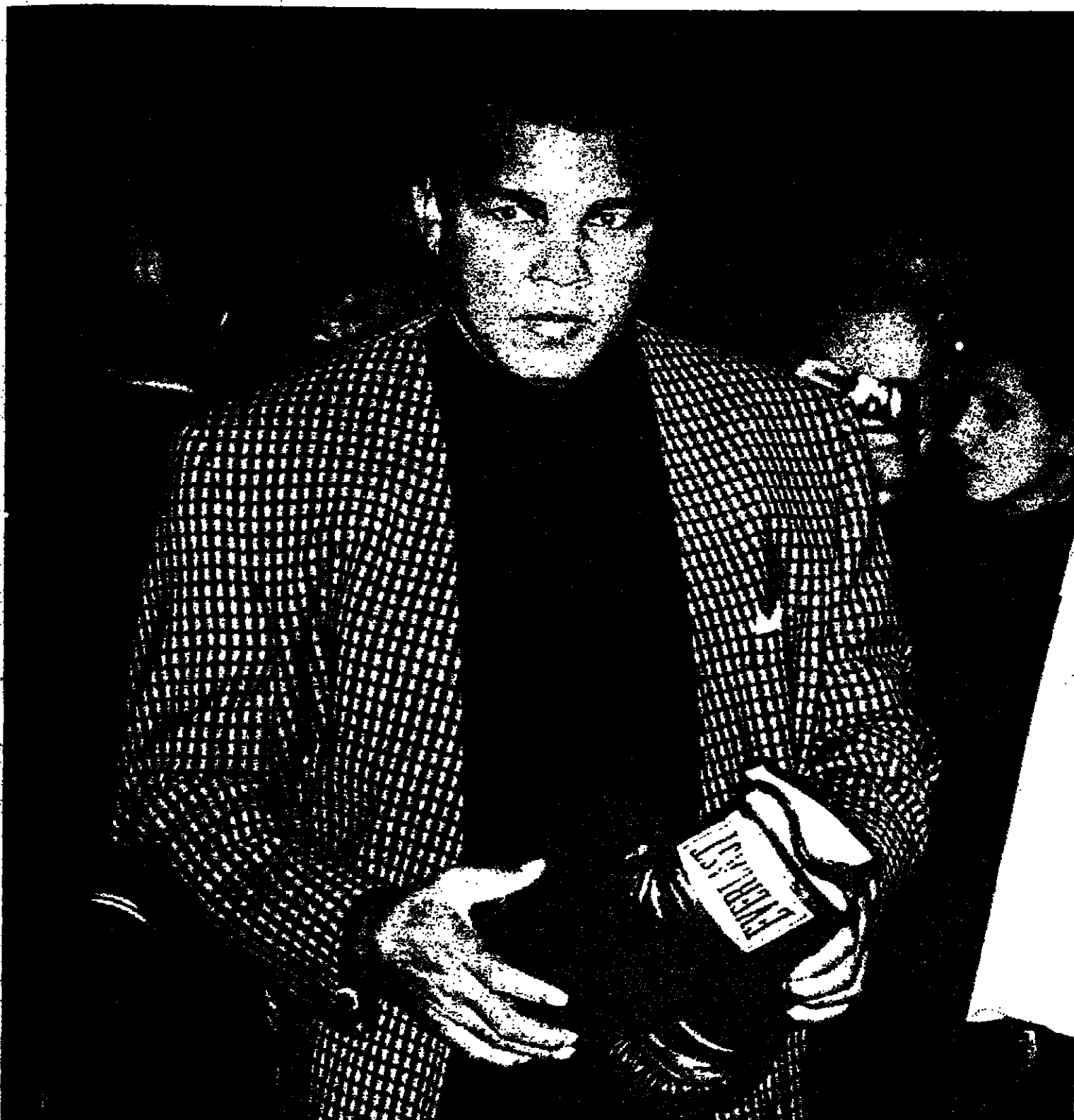
There is now statistical reinforcement for the traditionalist argument that modern young players are more interested in showcasing their slamdunks and three-point field goals for the evening TV highlight films than in acquiring the basic skills that make for winning sides.

In both the college and professional games, the percentage of free throws made

has fallen to 30-year lows, while turnovers are up, assists down and the old-fashioned setting of a solid physical screen has become almost a museum piece outside Utah, where the Jazz still run a basic pick-and-roll offence.

There are exceptions, of course. The Chicago Bulls, gently guided by Phil Jackson to a winning record almost as good as last year's best ever, still do the little things right, like not passing the ball to the opposition. (They also have M. Jordan to turn to.) The best collegiate tournament contest to date saw big and talented California barely squeak past short but disciplined Princeton in a deliciously low-scoring game.

And this year there is the Minnesota story. Even if the Timberwolves tumble, which they surely will, and the Golden Gophers cannot find the hole in the basket when it matters, there is one state in the US where the words of its greatest songwriter resonate, "The times they are a-changin'" — for the better.



The ring may have gone and the patter changed a little but Muhammad Ali has much to say — in a new book

The old Ali magic lives on

No longer king of the ring, but Muhammed Ali still holds an audience, says Alex McGregor

The capacious gym of the Alain LeRoy Locke High School in south central Los Angeles might be big enough to house a 747, but today it is jammed with 1,800 students and seems almost cramped.

There is a marching band banging away, cheerleaders in short skirts going through their routines, and uniformed cadets, complete with rifles, doing their drills. The blur of sound and colour is transformed by a sudden burst of cheering when the guest of honour, Muhammad Ali, shuffles into the school gym with his retinue of television cameras and photographers.

The Ali shuffle, once a mercurial dance routine in the ring, is now just a shuffle. His animated face has been stilled. The motor skills are clearly diminished by Parkinson's Disease, but he is unmistakably Ali. At 54, he is a little heavier than his optimum fighting weight, but still youthful and without discernable scars on a face that has weathered 51 professional fights and much controversy.

Today, he is on tour, visiting south-central high schools in a media bus, promoting a co-authored book *Healing: A Journal of Tolerance and Understanding*. It is a pocket-sized tome of feel-good aphorisms and designed to promote racial

harmony. His high-school purpose is to spread the message by handing out the book and presenting prizes to an Ali-sponsored art competition. A pair of Ali-signed boxing gloves is the first prize.

For those who think it hypocritical that Ali, who once called for segregation, should be promoting racial harmony, there is a ready response in the book: "When I was young, I followed a teaching that disrespected other people and said that white people were 'devils'. I was wrong. Colour doesn't make a man a devil. It's the heart and soul and mind that count."

Part school assembly, part evangelical rally, this promotion in the high school gym has the awkward spontaneity of audience participation on a television programme. "Will you please stand?" says the headmistress, as the band kicks in with the national anthem. She then thanked "the greatest heavyweight boxing champ of all time", and the event's sponsor "one of the entertainment leaders of our time — HBO" (that is, Home Box Office, the US company which broadcasts pay-per-view boxing matches, among other entertainment).

Still, the shrillest cheers of the afternoon come for another speaker, the handsome, sharply dressed Roy Jones junior, the current

world super middleweight champion. Regularly acclaimed as, pound-for-pound, the "best boxer in the world", he is also challenging for Ali's all-time title of the "prettiest".

Given that most of the students were not born when Ali fought his last fight in 1981, it is perhaps a surprise that many would know him for being anything other than a "famous personality". Most wouldn't know that Ali

'Colour doesn't make a man a devil. It's the heart and soul and mind that count'

earned his fame the hard way, not only as a three-time heavyweight champion, but also outside the ring, fighting with the US government over the Vietnam war draft and his status in the Nation of Islam.

But while Ali is physically a ghost of his great self, he is still a big drawcard. His primary income is derived from personal appearances and from autographs for the increasingly lucrative sports

collectables market in the US. Certainly his icon status received a boost when he lit the torch at the 1996 Atlanta Olympics. The book itself is another Ali collectable, described by his co-author Thomas Hauser, whose Ali biography was nominated for a Pulitzer Prize, as "a calling card".

"It gives Muhammad something which to wrap himself around. He's not just going around being famous, he's talking about something," Hauser says.

Except that Ali is not talking much, or not in public. The only time he speaks during his schools' tour is after being presented with a certificate from the Los Angeles mayor's office.

"I come all the way from Chicago," he says in a whisper, hesitant, almost unintelligible voice. "I visit the schools and this is all you give me."

The auditorium gets the joke, and erupts with laughter. If Ali is unable to speak at length, his wife, Lonnie, is an eloquent substitute, unafraid of audience confrontation: "This book is no good on your shelf, you have to read it." When a student is booted for reading a poem in Spanish, Lonnie makes the obvious point: "She has the right to be here. That's what this book is all about."

It is hard not to feel sadness at seeing one of the finest athletes of the modern

age now a quivering shadow of the glory days figure. Yet Ali carries himself without self-pity, stopping to greet all in his path, old and young, black and white. And to the chagrin of anyone interested in autograph rarity, Ali signs anything that moves within pen distance.

Having conducted the majority of his life in the public eye — whether as the champ or the convert or as a poster boy for the disabled — Ali is unable to hide himself away, whatever his difficulties and regardless of his popularity or unpopularity. He shows himself to be a man as proud of his defeats as he is of his victories.

Later, after another gym filled with students, marching bands, and dancing cheerleaders, speeches and the same jokes, Ali is ushered into the backroom, where refreshments are served for the travelling press and the prizewinners of the art contest.

Even as the attention is on consuming food and drink, there are poses and photographic opportunities choreographed around Ali, until he puts an end to it by moving to one side of the room.

Suddenly, he starts performing magic tricks, first levitating and then making coins disappear. There is little magic in the tricks, and less after he tells how they work, but there is still much magic in the man.

Yachting

Legion d'Honneur for a brave sailor

Keith Wheatley reports on Peter Goss's heroic rescue of fellow Vendee Globe competitor Raphael Dinelli

This weekend, in the Biscay port of Les Sables d'Olonne, a British sailor will receive the French equivalent of a ticker-tape parade from thousands of admirers. President Jacques Chirac has already nominated the shy yachtsman for the Legion d'Honneur and numerous other international bravery awards await Pete Goss.

His rescue of Raphael Dinelli, a fellow competitor in the Vendee Globe solo-around-the-world race, in a near hurricane 1,200 miles south of Tasmania, was somewhat overshadowed at the time by the Australian navy finding Tony Bullimore (another Vendee sailor) alive in his own capsized boat.

That rescue involved an astonishing panoply of warships, long-range aircraft and helicopters. Goss had just an iron will, his soft yacht and seafaring skill to sail back 160 miles into the teeth of a 60-knot gale, search an area the size of Hampshire, and find Dinelli in a tiny liferaft.

On Christmas Day, three months ago, Goss was below decks aboard the bright yellow Aqua Quorum and fearing for his own life. Storm winds were too strong to carry any sail and huge seas repeatedly knocked the yacht flat. He recorded in the log that he had "never felt so close to disaster".

At that precise moment the satellite communications system beeped out a message from the race control in Paris. Dinelli had abandoned ship. Goss was the nearest vessel. Could he assist and mount a search?

To turn and sail upwind in such winds is true horror, as any sailor knows. Goss did not hesitate.

"Life eventually boils down to a choice — you either stand by your responsibilities and principles, or you don't," he later reported to his team back in UK. Forty-eight hours of hell, with exploding generators,

torn mainsails and the skipper exhausted in his sleeping bag, took Goss back to Dinelli's last known position. After sailing three search patterns, each taking up to five hours, he had found nothing. Desperate, irrational, Goss stood in the bow of Aqua Quorum blasting a fog horn and firing off flares while he howled Dinelli's name against the shrieking gale.

When he finally spotted the orange raft and brought the Frenchman aboard, Dinelli was too stiff and cold to move. Despite his immersion suit, three days in the raft had left him near to death. Getting a body that was in a state of virtual rigor mortis through the tiny hatch and below decks

Goss found leaving Hobart for the hellish Southern Ocean hard

was an epic struggle in itself.

Goss turned from lifeboatman to nurse. Dinelli needed his frozen limbs massaged, constant hot drinks and attention. He had to be carried to the toilet. All the while Pete Goss had to urge the yacht towards Tasmania, 1,800 miles to the north-east, where he would disembark his patient before continuing the race.

When they arrived Aqua Quorum was tied to a buoy outside the harbour to avoid breaching the outside assistance rules governing the race. While Dinelli faced a barrage of agents, movie producers and Paris Match correspondents waving cheque books, Goss repaired his battered yacht.

By his own admission, he found leaving Hobart for the hellish wastes of the Southern Ocean brutally hard. He was now out of

touch with the race leaders, his great friend Gerry Roufs was missing presumed drowned (the 1996-97 Vendee's only fatality) and Goss had just experienced first-hand what a shipwreck could do to the mind and body of a lone sailor.

He also had no idea that he was soon to undergo a crash course in surgery. A niggling elbow injury became inflamed off Cape Horn and Goss could no longer use his left arm. Doctors at race headquarters in Paris announced that he would have to operate on himself.

Goss strapped a mirror to his knee, a flashlight to his head and took instructions from Dr Jean-Yves Chauve over the satellite communications system. Goss was told to anaesthetise the skin with cream and then make a 2cm deep incision to drain two hernias.

"It didn't hurt as much as I had expected and I was amazed at how sharp the scalpel was, much easier than carving roast dinner," Goss said. "I must say it was a very strange sensation, slicing away at oneself."

Goss has the ability to inspire intense, almost fanatical, loyalty in the teams of people that he brings together to build the boats and run the shoreside operations of a long offshore campaign. The boat-builders who worked extraordinary hours to finish Aqua Quorum were convinced at the outset that there was neither the time nor money to finish the yacht. But their skipper proved them wrong. Strangers wrote offering to lick stamps or knock on doors in the search for sponsorship. The people of Plymouth donated 2,500kg of lead for the yacht's keel after a radio appeal.

"When I step on to the boat to go racing I never forget how many people have worked and made sacrifices to put me there," Goss said before leaving on the Vendee. "It's often the respect for their efforts that keeps me going."



A man to inspire others: Peter Goss at the start of the eventful Vendee Global Challenge

Report

How to Spend It

Fashion

Dynamic duo fly the flag for new Britglam

Damian Foxe gets a line on those masters of monochrome – Pearce and Fionda

It's unanimous. Pearce Fionda has triumphed again. From the 1997 spring/summer collections of London's Fashion Week, one dress appeared most often, novel in maturity, unique in sophistication, emblazoned across every key UK newspaper. A whirlpool of spiral-cut, satin-backed crepe, it swept down every fashion page, embodying new direction for British glamour.

In contrasting panels of matt and shine, it unfurled into a torrent of fabric, cascading outwards from below the knee. Shoe string straps crossed at the back, its double cowl neck concealed a layer of sheerest chiffon, like a single windswept petal resting on a flushed bosom.

With a predominantly monochrome palette and silhouettes as sleek as liquid ink, Pearce Fionda's vision ran straight off the catwalk and down the nib of every fashion editor's pen.

Although only showing for its fifth season, the Pearce Fionda label displays a maturity which belies its age. The winner of last year's new generation award, sponsored by Marks and Spencer, this year the pair was nominated in three categories: Designer of the Year, New Generation and Glamour. In January 1995, after their debut collection in October 1994, they received the British Apparel Export Award sponsored by the BKCEC and Fashion Weekly.

Most recently they collected the World Young Designers award in Istanbul where judges included Oscar de La Renta, Anna Molinari and John Rocha. Pearce Fionda are fast becoming the veterans of domestic British fashion. Their elders have long since decamped to Paris or Milan. Pearce Fionda have become a conquering force, with a mature approach to design and a keen business eye.

This season, they managed to pare down their already sharp and clean lines,

removing some of the complicated detailing, to produce a collection which struck a near perfect balance between fluid and tailored. Smartly fitted black jackets in satin-backed crepe suiting, super clean structures are teamed with high-waisted Oxford bags which graze the ankle bone, and offer a modern and sophisticated day look.

A strapless, boned, black evening dress hangs perilously, suspending a huge bow and trailing strands of contrasting white, encapsulating their obsession with the extremes of glamour and the elegant side of the avant-garde. "Our colours are still predominantly monochrome," explain the design duo, "but black and ivory are highlighted with dove grey and white so the silhouette is not dominated by vivid colours."

Super-fine knits in graphic horizontal registers of black and white are teamed with heavy weight jersey wide-legged pants in contrasting vertical stripes. A flattering black jersey tunic dress skims the body, featuring a thigh-high split and an optional hood; sinister and sexy.

Reynold Pearce (known as Ren) and Andrew Fionda met in 1985 at Nottingham Trent University, where they studied fashion. Fionda then did an MA at the Royal College of Art and Pearce an MA at Central St Martins. Between degrees, Pearce worked for John Galiano during his "black and yellow" period (1988-89), where he developed a reputation for specialised cutting and tailoring techniques. After college he worked for Roland Klein as his design assistant.

Fionda, determined not to abandon the UK, turned down a job with Escada in Munich to be senior designer with Alexon. The two designers are perfectly matched both in personality and design talent. They argue and often disagree, but it is their compromise which produces such fine garments. "Working in a duo

can get tense at times," admits Fionda, "but the driving force behind our label is too strong to let silly arguments get in the way. We work well together. Ren would be too extreme by himself and I would be far too safe."

By early 1994, the two had amassed a wealth of experi-

ence and were ready to start their own label – Pearce Fionda. Financed by a friend, they put their first collection together, showing a Spring/Summer collection in October 1994. It was so well received that an agent, Palladio, had to be appointed at short notice to cope with the flood of orders.

In monochrome, the collection achieved depth and richness through the ingenious use of fabrics, heavy crepe georgettes, satin back crepes and traditional tailoring fabrics. Textures were important, as was the contrast of matt and shine, with both sides of the same fabric cleverly juxtaposed. Their Chaplinesque look, tailcoat cut sharply away from the bust, teamed with miniature top hat, and covering a double cuffed shirt and long flowing trousers in varying black and white stripes typified their quirky approach to the "feminisation" of traditionally masculine shapes. Tuxedos with gently fluted sleeves were scooped at the collars to fit below the bust.

Even the most hardened buyers were tempted. "I broke my golden rule of watching a company for three seasons before buying," says Rita Britten the owner of Polyanna, one of Britain's most influential women's retail outlets. The collection was exquisitely beautiful but you could see women wearing it. It made the hairs on my neck stand up. Within a year they were stocked in Harvey Nichols, Liberty, and Selfridges in London, Bergdorf Goodman and Saks of New York, and Firenze of Dublin, as well as a large number of smaller retailers around the world.

Their second catwalk show was sponsored by Liberty, which devoted all of its Regent Street windows to their collection. "We discovered Pearce Fionda last season and were struck by their confidence and maturity of



Ren Pearce and Andrew Fionda display fashion maturity that belies their years

design in a first collection," said Tom Logan, the merchandise director at Liberty at the time.

Pearce Fionda boast a healthy turnover of £500,000 a year with more than 30 stockists round the world. For the second consecutive season, Lloyds Bank has sponsored their Spring/Summer 1997 catwalk presentation. Unlike many other young British designers, they do not rely on the demands within the fickle Japanese market, which laps up the newest, quirkiest fashion that Britain can produce. Instead, they have developed a strong and loyal client base spread across northern Europe, north America and south-east Asia.

They have encountered financial problems, however. So great was the demand for last season's collection, that they almost went under. "We ploughed all of our resources into manufacturing in an attempt to meet all our orders," explains Fionda, "and kept nothing in reserve for this season." Less than three months ago, fabrics for the current collection were cancelled and staff sent home. But they came up with a strategy. "We started again from scratch," admits

Pearce, "cutting the collection in half and concentrating on what the buyers would want."

As testament to their wise business sense, orders this season grew once again and the press raved over the finished product. Following lengthy negotiations they have now signed with an undisclosed British backer, who is a key player in the international fashion.

The Autumn/Winter 1996 collection, available in exclusive stores around the country, marks a departure from their established palette, introducing chocolate and cream as principal colours, broken with flashes of pistachio and coral. Contrast this with superstructured tailoring for short fitted jackets, maxi-coats, boot-leg trousers and skinny pants and you begin to appreciate the versatility of their talent.

Envelop yourself in a chocolate satin, bias-cut, column dress which sheaths your body and is dragged back from the calf with a weightless fish tail and you will appreciate its timeless appeal and its innate feel-good factor, fulfilling the duo's promise that "it is the wearer's enjoyment which is most important."

It is neither the sharpness of their silhouette nor the cleanliness of their lines that put Pearce Fionda on the

□ Sleek and sexy – left to right: black satin crepe one button long sleeve evening jacket, £287. Matching wide leg evening trousers, £298. Slip vest, £117. Harrods and Selfridges.

□ Lilac satin bias cut evening dress, £1,495. Harrods, Selfridges, Harvey Nichols and La Cole.

□ Eau-de-Nil one button fitted long-sleeved jacket, £650. Harrods, Harvey Nichols, Liberty and Selfridges. Matching V-neck shift dress, £398. Harvey Nichols. Stockist inquiries: 0171-809 8470.

Illustrations by David Dowdall



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The in crowd

'The Euro '96 anthem was "Football's Coming Home". Now, homes are coming to football.'



Tax and the home

'Labour would target people who are avoiding paying tax by exploiting loopholes in the current system.'



New landlords

'People buying places to rent want more than just a piece of paper telling them they have money in the bank.'

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Page 3

The world's most elite property club

You need more than the odd million to buy a really prestigious home, says Anne Spackman

Being a millionaire no longer guarantees entry to the world's prime property club. From London to New York and Tokyo, the best houses and slices of land trade for many millions of pounds.

In Britain, one in every 550 adults is now a millionaire, according to a recent survey by Datamonitor. The trouble is, the more millionaires there are to compete for the best properties, the higher the prices rise.

Just two years ago, £1m would buy you a large freehold house in one of London's most popular roads. Knight Frank sold houses in Kensington Square, Brampton Square and Argyl Road for that price in 1995.

Now, that same money would buy you one of the best houses in Wandsworth or Highgate, but only a new house or a large apartment in a prime district.

Knight Frank's current offerings at around the £1m mark include a brand new three-bedroom, three-bathroom flat at Mount Vernon in Hampstead, a penthouse loft in Soho, a three-bedroom flat overlooking Hyde Park and two central London mews houses.

City bonuses have been one cause of the sharp rise in prime UK property prices. The most senior figures in the banking world are active in the London market up to about £4.5m. Above that figure only the international super-rich and those who have created their own business empires are likely to compete.

In 1995, there were 14 sales in London for between £4.5m and £6m and six sales above that figure. At the moment there are 22 properties for sale for more than £4.5m, only seven of which cost more than £6m.

Anyone buying at this

level is likely to have homes in more than one country in the world. In some countries they are likely to have two. So, looking across the globe, what are the choices available to them?

At £5m you can have your pick of the London family houses. A large detached property in St John's Wood, Holland Park or Hampstead is likely to sell for around that price - if you can find one to buy. Or in Mayfair, you could afford a vast penthouse or a refurbished townhouse.

London has traditionally been a city of houses, but now developers are producing very smart lateral apartments in this price range. The best on the market is the Chelsfield development at Chesham Place in Belgravia, where a stunning apartment of 4,300 sq ft is being offered at £4.75m by Knight Frank and Aylesford.

In the country market,

Around the world with £5m



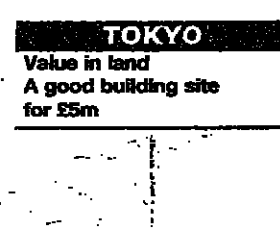
NEW YORK
Fifth Avenue townhouse, \$4.5m



UK
Worcestershire: Eastington Hall Estate, over £3m



GERMANY
Black Forest: Hofgut Fremersberg, £7m



TOKYO
Value in land
A good building site for £5m



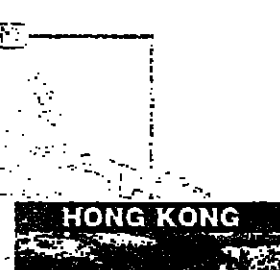
MALIBU
Film star bracket
An elegant Bel-Air mansion for £5m



TUSCANY
Castello di Montepo, £4m



VENICE
Ca'Dario, £5m



HONG KONG
Hong Kong Peak: three-bedroom apartment, £5m



SOUTH AFRICA
Glamorous locations
House with superb view for £4m

£5m will buy a small estate in one of the less expensive counties or a substantial house with land in a prime location. Offers over £3m are being sought for the Eastington Hall Estate in Worcestershire, which includes a Grade I listed Tudor mansion in 326 acres, with a lake, swimming pool and three cottages. The house

itself boasts the full plethora of Tudor features - vaulted ceilings, carved stone, vast fireplaces, panelling and exposed beams. It is being sold by Savills and Butler Sherborn.

To buy a significant, self-supporting English estate requires a few million more. Strutt and Parker is asking for offers of more

than £8.5m for the Pusey estate in Oxfordshire - the first large estate on the market this year. Pusey has a listed Georgian house, outstanding gardens, 1,500 acres of farmland and woodland, a farmhouse and 14 cottages and a proper aristocratic pedigree. It is also in the most sought after area of England, just north of the

M4 corridor - though it is not the most scenic spot. Elsewhere in Europe some of the highest prices are paid for what are essentially holiday homes. In Italy, £5m will buy some of the country's most spectacular properties. The most stunning on the market at exactly that price is the Ca'Dario, one of the most prominent palazzos on

the Grand Canal in Venice. Built in the 1480s by a Venetian merchant, Giovanni Dario, it is as much a work of art as a house. The building is rich in precious materials, with marble columns, carved stone arches and porphyry discs from Istanbul. Ca'Dario is almost

Continued on next page

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STATE OF THE MARKET

The elite property club

Continued from Page 1

next door to the Guggenheim Foundation, across the canal from St Mark's Square. The view from its roof terrace is down the canal to the Accademia. It has its own pontoon, two main floors of living accommodation, staff quarters and a walled garden. Visitors to the house in the 19th century included John Ruskin, who did a painting of the building in 1848.

More recent owners have included the former manager of the rock band, The Who. Agents DTZ, Debenham Thorpe expect the next owners to be from the world of music, the arts, or film. "No one is likely to live in this house all year round," says Jonathan Woodfield of DTZ. "It is likely to go to someone famous who will use it as a statement of their lifestyle."

Further south in Italy, Knight Frank and Chianti Estates in Siena are selling a 16th century castle in Tuscany with a price tag of £1.25m, just under £4m. Laid out around a courtyard, on a hill overlooking its own vineyard and 1,000 acres of land, the castle has vast rooms for entertaining as well as family accommodation. The combination is well illustrated on the second floor which includes a monk's room, a nun's room, the portrait gallery and a vast party room.

Another example of a luxury treat comes from the Black Forest in Germany. Hofgut Fremersberg is a country house, which was once home to the Siemens family, just outside the spa town of Baden Baden. The four-storey stone house, with large bay windows and terraces overlooks its own formal gardens and stands in richly wooded countryside. It has seven bedrooms, a staff flat, gardener's cottage and swimming pool and is for sale through Knight Frank for DM20m - around £7m.

In Portugal, Knight Frank is selling a "palacete" on a hillside overlooking Sintra,

near its famous Moorish castle. The property has 14 rooms, filled with antique furniture, and spectacular gardens and terraces. It is priced at around £3.75m.

In New York, where the property market recovery lags a little behind London, \$7.5m will buy a smart townhouse in Manhattan's Upper East side. Sotheby's International Realty is selling such a house just off Fifth Avenue, with 11,000 sq ft of living accommodation including a panelled library and six bedrooms, for \$7.2m.

Alternatively, you could have your pick of the luxury apartment blocks around Central Park. For \$8.3m you could even afford to buy one of the penthouse apartments in Donald Trump's latest tower at Number One Central Park West. The apartment is on the 48th floor, with views across the city, a 50ft main reception room,

In Hong Kong, £5m still buys a lot - up to 3,000 sq ft in a prime site

five bedrooms and six bathrooms.

These are by no means the most expensive properties in the city. That accolade belongs to a 12,000 sq ft triplex apartment, with ballroom, on top of the Pierre Hotel. Owned by Lady Fairfax, of the Australian newspaper dynasty, the apartment is priced at \$27m.

On the West coast \$5m takes you into the film star bracket. Sotheby's is currently selling a property on the ocean in Malibu, California, where location and view is everything, for \$7.9m. An elegant Bel-Air mansion, in gated grounds of four acres, with 11,000 sq ft of living space, recently sold for \$8.6m. Built for a couple, it had one main bedroom and six staff bedrooms.

In South Africa, one of the most expensive houses on the market enjoys views of the ocean, the Hottentots Mountains and the Valley of the Vines. Constantia Heights is in one of Cape Town's most glamorous locations. The main house is

joined by an underground passage to a leisure complex with swimming pool, steam room, gym and waterfall. Set in the grounds is a four bedroom guest house and two more cottages. Pam Golding International is asking for offers over \$4m.

The difference between the price to be paid for property in the cities and in the countryside is greatest in south-east Asia. In Hong Kong there is not enough land to qualify as countryside. While countryside exists in Japan, it is largely mountainous and difficult to develop.

In the last seven years, since the bubble burst in Tokyo, property prices have fallen by up to 50 per cent. Rents in the city are now slightly lower than in Hong Kong, with Singapore the most expensive.

In Tokyo \$5m now buys a good piece of building land in one of the good districts within the Yamanote Line. "That amount now buys you twice as much as it would have seven years ago," says Guy Cubitt, Richard Ellis' managing director in Tokyo.

His company has sold a 10,000 sq ft site, without a building on it, to a prominent Japanese businessman for ¥1bn. Guy Cubitt says it will probably cost at least another £1m to build a reasonably lavish two-storey house, with around 6,000 sq ft of accommodation and a garden. "There is not the same market in buildings here," he says. "The value is in the land."

In Hong Kong, where prime property values rose at least 35 per cent last year, \$5m - HK\$60m - still buys an apartment of up to 3,000 sq ft in a prime location such as The Peak. A three-bedroom, three-bathroom apartment on Old Peak Road is for sale at HK\$60m.

In Singapore \$5m falls awkwardly between the top of the mass market and the start of the luxury market. Bill McClintock, of Hamptons International, says it would buy a small three-bedroom house with a garden in one of the nicer parts of Singapore. For a larger house, or the even more luxurious "bungalows", as they are called, prices would be nearer \$8m to \$10m.

Your home and a new government

Gerald Cadogan considers what a Labour election victory will mean for the UK housing market

When the FT's next property supplement comes out in June, a new Labour government could well have been with us for at least a month, and we may already have had a Budget or be on the point of having one.

So how will a Labour government affect the housing market this year? Not much, say estate agents, although they await a blip in the upward trend of prices around the election.

But the picture may be a bit more complicated, especially if Labour's policies in office alter the rules or back-drop of owning property.

For example, changes to the UK's tax haven status for rich foreigners such as Greek shipowners - who are resident but not domiciled, and are liable to tax on foreign income and capital gains only to the extent that they are remitted into the UK - could quickly blow the froth off the top end of the London market. The people who led its recovery after the pound lost strength in

September 1992 could sell and start the cooling process.

Price falls, or a stagnation in prices would, in turn, affect the country market as less money was released from London sales to spend on moving home from Holland Park to Gloucestershire.

UK demand for good houses in London is now strong. But would it be strong enough to maintain the market after an exodus of foreigners?

The advisers of Gordon Brown, the shadow chancellor, doubtless know the problems in taxing foreign residents, as they have caused trouble for previous Labour governments.

But as we do not know what Labour's policies will be in detail if it wins government - and the detail is all-important - it is hard to see what the effect will be on the market. To help fill this gap, the Royal Institution of Chartered Surveyors has recently collected Labour's suggestions, as a list of brief

points, in a pamphlet on "Labour's Agenda for Property".

To start with the current market. Across the country agents selling good properties face a perplexing imbalance of supply and demand, especially in London and the south east. There, too many buyers are chasing too few good houses.

John Lowe, of agents Bidwells, says it is the worst he has known since 1972. That was when the modern dynamic market succeeded one where prices had hardly risen since 1900. This means that when a good property does come up, buyers have to compete (perhaps through best and final offers, or private auctions). Thanks to bonuses and the cheery stock market, many are ready to pay cash and, perhaps in desperation to move, the final price can shoot up.

Otley Hall, in Suffolk, is a typical story. It is a Grade I, medieval, moated hall which Strutt & Parker sold for £750,000 after just four weeks for around 25 per cent above the guide price. Similar stories abound.

Possible sellers hold back because they are not able to find a replacement home, thus exacerbating the shortage. Even agreed sales are going sour for this reason, Lowe notes.

Press reports of large premiums to guide price become another excuse for sellers to dither, feeling that they will get more if they wait, because the market as a whole has gone up 20 or 25 per cent.

That idea is false, says Charles Ellingworth, of buying agent Property Vision. Those premiums relate only to what a specific property



Will this property change hands?

Anthony Ashwood

has achieved over the last comparable sale. Lowe, agreeing with this, suggests that increases achieved now - in a thin market - should ideally lead to vendors' capitalising on them. Then, as more sell, the market will calm down.

When that will happen is unclear. With the present level of frustrated demand, we must assume that the market will stay buoyant, regardless of a Labour victory bringing a cloudy spell.

Labour proposals that could affect the market include removing the 50 per cent reduction in council tax that landlords receive on empty properties. Ellingworth predicts a strong market in the summer, turning scalding in the autumn, followed by a long cooler period caused by a depression centred over Wall Street. Brave words.

Labour's proposal to tackle gazumping, forcing vendors to behave like gentlemen, will have more market impact psychologically than financially, as it can

affect only a restricted number of cases. Serious changes in personal taxation would have a speedy effect on the market.

It is easy to see the tax breaks associated with reinvestment and rollover relief on capital gains, which have been a big force in the farm market, disappearing in the first budget of the new government.

If you have to sell fields, do it now, while prices are on a plateau and neighbouring farmers remain eager for more acreage.

As for houses, there is no reason to delay selling for fear of the election, advises James Laing of Strutt & Parker. He says there is every reason to take advantage of the shortage of supply and of buyers wanting to act before the election.

But only a few weeks are left. Happy Easter viewing.

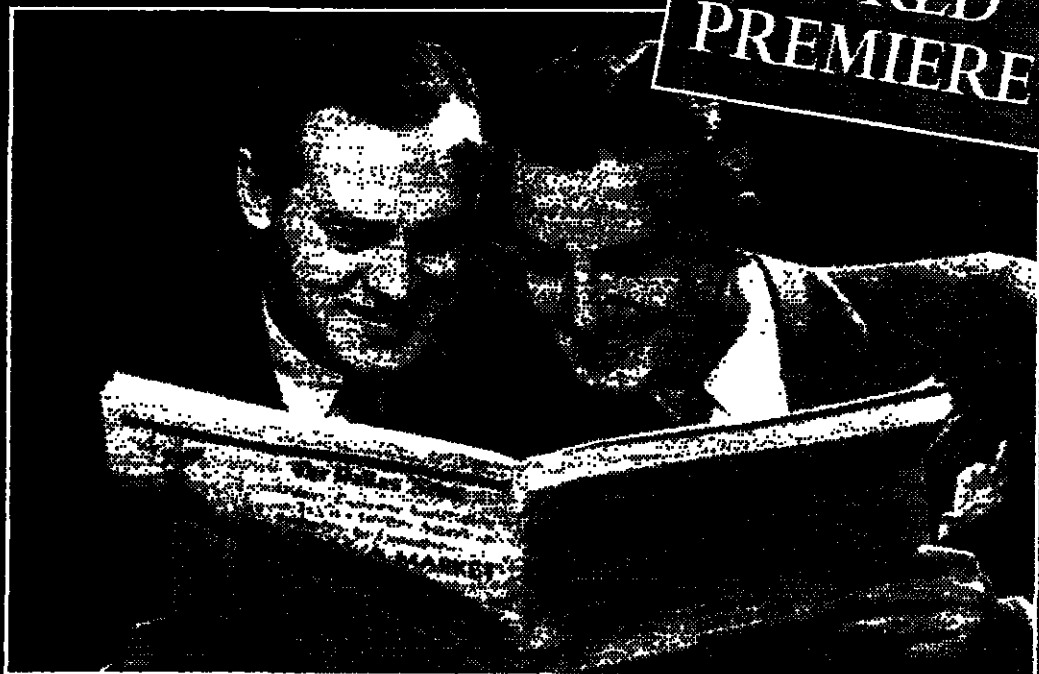
■ The Royal Institution of Chartered Surveyors, 12 Great George Street, Parliament Square, London SW1P 3AD. Tel: 0171-222 7000.



Otley Hall, Suffolk: a medieval, moated hall

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BUYING TO RENT

Investors look to the future by becoming landlords

The main obstacle to buying properties to rent has gone. Anne Spackman explains how letting can now be part of a savings strategy

Landlords are a changing breed. The archetypal bedsit owner who knocks on doors for the weekly rent is being replaced by the investor, whose rental property is part of a wider savings strategy.

Many of these investors have wanted to buy homes to rent for some time, but were put off by the punitive mortgage rates charged by lenders. The introduction of a Buy-to-Let package by Arla, the lettings industry's association, has removed that obstacle. It has also coincided with the return of confidence in the housing market.

The Arla scheme, launched last autumn, offers potential landlords help with purchasing a property to let, access to specifically designed mortgages and insurance policies, and a lettings and management service. The scheme's headline took more than 5,000 calls in its first four months.

Direct borrowings in the four months to January are expected to be nearly £20m, making it a strong new growth area for lenders. As well as the five lenders associated with the scheme, other banks and building societies are starting to offer improved landlord packages. This increased competition is forcing lenders to be more flexible.

There is a growing acceptance that expected rental income can

be taken into account when calculating a landlord's ability to make repayments.

Halifax Mortgage Services, one of the Arla lenders, adds 50 per cent of the expected annual rental income to the borrower's personal income when calculating the loan.

As the business matures, flexibility is expected to increase on a number of other issues, such as whether or not the landlord must pay for the property to be managed by an Arla agent.

Lettings agents are advising investors to buy properties suitable for young professionals in their twenties, or people relocating to the area for work reasons. They recommend buying modern properties with low maintenance costs or small terraced houses in good condition, in locations convenient for public transport.

Rupert Dearden of Robert Jordan Associates, a leading lettings agent in the north west of England, says the new investors are generally fed up with other forms of savings.

"These are predominantly middle-class, professional people. They want something which is more than just a piece of paper telling them they have money in the bank," he says. "They are Peppercorn and Tessed up to the hilt. Some are doing it as an alternative to a pension."

Contact the Arla Hotline on 01923-896555.

Meet three buyers who have taken the plunge...



'This is really a long-term investment'

Philip Meakin runs his own business, Challenger Chemicals, in Salford. He is buying a terraced house in Sale, where he lives.

"Buying a rental property is something I've always wanted to do, but the mortgage rates for investors were always too high. Then I read about the Arla scheme. We contacted Robert Jordan Associates, because we wanted someone from our area. They spent an hour with us, giving us an insight into the business."

"We looked in Altrincham, but the returns were lower than in Sale. A terraced house costing £68,000-£70,000 would only bring in £550 a month in rent. We are buying a two-bedroom terrace in Sale, which has a new kitchen and bathroom, for £49,000, which is likely to produce £450 a month in rent. It's a much better rate of return. Unlike most rental properties it's near the Metrolink stations, with a frequent service into Manchester."

"We approached the Skipton

Building Society in the first place, but their arrangement fee was more than £1,000. We didn't go straight to the Arla lenders, because they insisted you have an Arla agent to manage the property and we didn't want to make that commitment."

"In the end we went to an Arla lender, Mortgage Express, which offered us 8.99 per cent for five years. With that lender we could have five mortgages up to a maximum of £500,000. At the moment we haven't enough deposits. We are putting more down on our first property than we need to because we want to test the water."

"This is really a long-term investment. I'm 53 and I would like to retire when I'm 60. I can't get a pension together in the conventional way in the short time I've got, so I built up my deposit on the stock market and cashed it in. "I paid £850 for my own first house which was very similar to the one I'm buying now for £49,000. It's capital gain I'm looking for."

Picture: Newsteam

'It has been hassle free and there have been no void periods'

Ciaran McNamara is a young investment banker in London. He has bought two flats in new developments near the City of London, where he works.

"In 1995 I had a feeling that property prices were as low as they could be, interest rates were low and rental yields were very good."

"The area I was looking in, around Butler's Wharf, seemed to be developing in leaps and bounds. With the Jubilee Line coming, it seemed a sensible investment for the future. The other place I would consider buying is in ECL."

"I was up and running before the Arla scheme was launched. I

bought my first flat a year ago and completed in September. The prices I went in at were very good. I've already seen capital growth of 20 per cent and the yields have been in excess of 10 per cent."

"Let's hope it keeps going that way."

"I've done the whole thing

through Cluttons' Docklands office and it has all gone fantastically well."

"They gave me a realistic idea of the rents I would receive. I organised my finance through a broker."

"I've bought two-bedroom flats suitable for the corporate market which I furnished myself in

simple designs and colours. It has been totally hassle free and there have been no void periods."

"I was not a victim of the 1980s. I've heard a lot of other people talking about doing what I've done, but they haven't actually taken the jump, because they're still nervous about what happened then."



'In 20 years I will have a freehold house I have not had to pay for'

Raphael Wilkins, a civil servant in Bromley, Kent, is buying a 1960s house, costing £80,000 in his home town.

"The idea of having some money in a tangible asset has appealed to me for some time. When the Arla scheme was brought in, I was eager to take advantage of it. My primary investment aim is long-term capital growth. I'm taking out a 20-year mortgage for 85 per cent

of the value of the house with Halifax Property Services."

"I calculate that the rental income will virtually cover the costs initially and produce some income in a few years but the main thing is that in 20 years I will have a freehold house I have not had to pay for. That coincides with my retirement."

"I found the Arla advice extremely helpful. Andrew Reeves, the Arla lettings agent,

got me quotes from all the lenders and gave me totally impartial advice."

"The delays normally associated with house-buying seem to have been even worse than usual, probably because it's a new scheme. The final mortgage offer was slow to come through. I don't have vast sums, but if I could, I'd like to buy another house in a few years."

Picture: Tony Andrews

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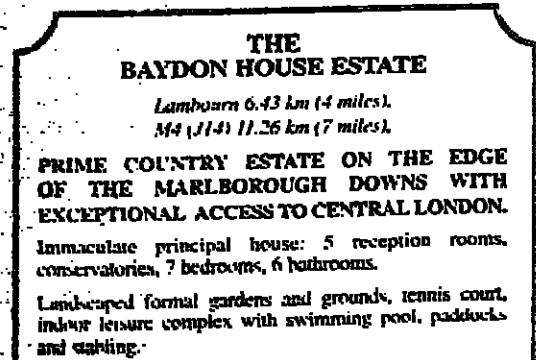
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SAILS AND SALES

What price a ship-shape berth on the waterfront?

Gerald Cadogan consults his land-lubber's log and finds it is time to go down to the sea again

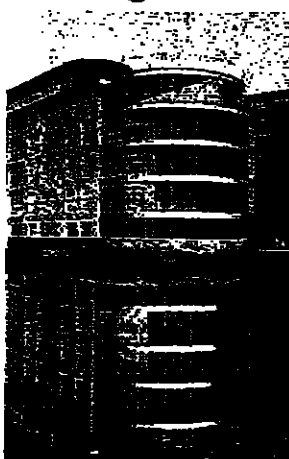
It was the first day of spring yesterday - a time for some folk - sailors or otherwise - to buy property by the water.

Thanks to the regeneration of old industrial and commercial space, the choice of waterside properties is no longer restricted to traditional sailing areas. Water-folk can nowadays live next to the boat at, say, the marina in the old harbour at Penarth in Cardiff Bay or in Chelsea Harbour on the Thames.

In King's Cross, in north central London, viewing starts in May at an new loft-type waterside development called Ice Wharf on the Regents Canal. The architect for the conversion is Tchaik Chassay and it offers private moorings in its Narrowboat Marina. (Prices will start at around £125,000. The agent is Alan Selby.)

People often choose waterside homes just to be able to look at the water. They have an extra sense of peace and freedom, something is always happening and the view is free of cars.

Two riverside developments have an extra attraction. They are next to elegant suspension bridges. Albert Bridge is on the south bank of the Thames in London by the bridge of that name (flats are from £495,000 to £700,000, and penthouses start at £1.6m). Haven Banks, where a second floor flat is on offer for £32,950 (Fulford), is beside a foot bridge over the Exe at Exeter.



Ice Wharf at King's Cross: an intriguing development

West Sussex and Hampshire are always popular as they offer good sailing close to London. A well-placed house with frontage on Chichester Harbour, and access at all states of the tide, can carry a premium of up to 50 per cent over a similar house away from the water, says Richard Willis of agent Henry Adams. If the house has a good view of the water but no frontage, a 25 per cent premium is possible.

Two houses the firm is selling on Chichester Harbour are Salt Mill House in Fishbourne (£550,000), dating from 1645, and The Homing of 1936 at Bosham (£565,000), whose famous church appears in the Bayeux Tapestry. At £178,000 is a new house in Chequers Quay, a well-designed courtyard development fronting on to Slipper Pond at nearby

Emsworth (Jackson-Stops). Ross House at Lee-on-the-Solent is a dashing late Victorian pile which the grocery magnate Sir Thomas Lipton built at the mainland end of the Royal Yacht Squadron's starting line, after the squadron blackballed him. Here he checked that nobody jumped the starting gun, telegraphing the squadron if they did. After some years of this and success with J class yachts, the squadron let him in. The house costs £375,000 (GA Town & Country).

A few miles away, the 1920s Sea House near Titchfield fronts on to the Solent where it joins Southampton Water and has a garden down to the beach (John D Wood, £550,000). Across the Water, Curlew Mead is a substantial early 20th century house on the Beaulieu river with a jetty (Paul Jackson, offers over £1m).

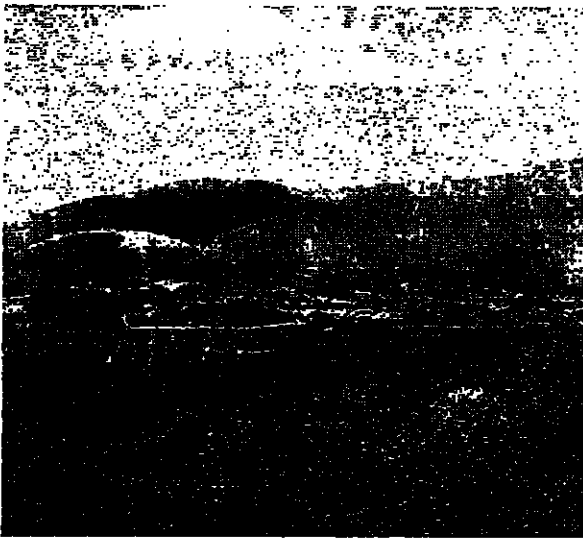
In east Devon, The Look Out at Branscombe, converted out of old coastguard cottages, has a glorious setting above a long pebble beach (Humberts, £335,000).

At Salcombe, Marchand Petit is selling a house converted out of a boatmen's store at Cookes Quay, with a mooring alongside the quay, for £184,000 (to include furnishings) and, for £275,000, the top part of the 1902 Bar House - a sailors' landmark on the rocks above the bar at the entrance to Salcombe harbour.

In south Cornwall are Long Loft, a converted net loft on the cliffs overlooking the cove of Cadgwith (near



Chequers Quay, a well-designed courtyard development fronting on to Slipper Pond at Emsworth, West Sussex



Fellsides in five acres above Derwent Water in the Lake District

Helston) where crab and lobster fishing still flourish (Miller, £350,000), and Carriknath on the harbour at St Mawes, with a public slipway by the house. (Miller & Son, no guide price).

Fresh on the market is Trerose, a small estate of 28 acres on the Helford river near Falmouth, with a boat-

house on Porthallack cove. (Knight Frank, £1.5m-£2m.)

In Anglesey, The Lodge, once the gatehouse for the Bishop of Bangor's palace and now enlarged, looks at Snowdonia across the Menai Straits - and has a jetty at the bottom of the garden (John Berry or Jackson-Stops in Chester, £295,000).



Jetty at the bottom of the garden: the Lodge, Anglesey

Quay on South Ferry Island. Viewing starts in autumn. Flats range from £73,950 and houses from £141,950 (Sykes Waterhouse).

Take the road to Loch Lomond for Tarbet House, built in the 1960s. Savills in Edinburgh asks for offers over £250,000 for the house, and over £20,000 for boat-

house, slipway and mooring. Finally, on the Norfolk Broads, Savills in Norwich is selling Sheerwater, a thatched house right on the water with a large wood landing stage and a wet boat house (£325,000).

■ Henry Adams, Chichester (01243-533377); Albert Bridge, London (0171-801 9559); John Berry, Beaumaris (01248-810101); Cluttons, Carlisle (01228-74792); Fulford, Exeter (01392-411255); GA Town & Country, Lee-on-the-Solent (01705-550113); Humberts, Honiton (01404-43456); Paul Jackson, Lymington (01590-674111); Jackson-Stops, Chester (01244-328861); and Chichester (01243-786316); Knight Frank, Exeter (01392-423111); Marchand Petit, Kingsbridge (01543-857585); Miller, Truro (01872-74211); Miller & Son, Liskeard (01579-344901); Savills, Edinburgh (0131-226 6961) and Norwich (01603-612211); Alan Selby, London (0171-613 3055); Sykes Waterhouse Black Horse Agencies, Liverpool (0151-731 2220); John D Wood, Winchester (01962-863131).

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HOUSES, FLATS AND STADIUMS

The anthem for Euro '96, "Football's Coming Home" rang around the UK when England played host to the European Championships. The competition was an important milestone in the transformation of English football from hooligan-ridden sport to glamorous leisure activity. Now, that process has evolved to such an extent that homes are coming to football.

Chelsea Football Club is redeveloping its Stamford Bridge ground into a huge complex containing flats, restaurants, offices, a hotel and a large health and fitness club. The only area proving awkward to capitalise on is the pitch itself.

The flats are being built directly behind the south stand and around the entrances to the ground on the Fulham Road. Mostly one-bedroom properties, they are selling for between £165,000 and £220,000. The penthouses start at £295,000. Ken Bates, Chelsea's flamboyant chairman, has reserved the most prominent for himself.

It is a far cry from the rows of old terraced houses which usually line the perimeters of England's football clubs. Their residents have had to live with the noise and inconvenience of tens of thousands of fans passing their front doors every other Saturday from August until May - not to mention a few evenings and Sundays as well.

Will prospective buyers at Chelsea Village feel this is too big a drawback for such an expensive home? Or can they be convinced that being so near the ground is a positive asset?

What makes Chelsea different from its football counterparts is its location. Wedged between the Fulham Road and Old Brompton Road, spitting distance from the King's Road, it is in one of west London's fashionable locations. Fulham itself is enjoying a period of sharp price rises. Prices of flats have gone up by around 12 per cent in the past 12 months, according to Savills, and there is very little on the market to buy.

In terms of location Chelsea Football Club has more



Stamford Bridge, Chelsea: the only area proving awkward to capitalise on is the pitch itself

At home with the in-crowds

Anne Spackman on the pros and cons of living near a big sporting attraction

In common with the rugby stadium at Murrayfield in Edinburgh or the All England Lawn Tennis Club at Wimbledon, both situated in prime residential areas, than with the average English football club.

Murrayfield is also currently the site of big housing developments, with both Cala Homes and Bryant building around the ground. Cala has used the rugby association as a marketing tool, naming its development Hastings Gardens after Scotland's international brothers Scott and Gavin Hastings.

Across the road, Bryant has named its large development of 170 flats Herriot Square, after the brewery which was formerly on the site. All the 30 flats released in the first phase have sold, and the eight released in the second phase have all gone prior to the building being completed. Prices are mainly in the region of £90,000-£110,000 for two and three bedroom flats.



A far cry from the traditional terraces: a model of Chelsea Village

The selling agents, DTZ Debenham Thorpe, said the vast majority of buyers were choosing the development because of its style and location in one of Edinburgh's

most desirable districts. One or two flats have been sold to buyers wanting a pied à terre in Edinburgh, who see the rugby ground as an added bonus, but for most it

is irrelevant. Graeme McCallum of DTZ said Murrayfield was only a big sporting venue for the two weekends of the Five Nations Championship.

"Even then, the crowds have a reputation for being a jolly, friendly bunch," he says. It is also used for American Football games, and two rugby clubs use some of its facilities, but they have no impact on the people living in the area.

In Wimbledon the impact of the tennis tournament is similarly short-lived and potentially advantageous.

Families move to Wimbledon for the big houses, green spaces and good schools. John D Wood has just sold a Victorian house needing total modernisation in Somerset Road, near the All England Club, for nearly £1m. A 1940s detached house in Bathgate Road has just gone for well over its guide price of £265,000.

For tennis fans, proximity to the club is a bonus. They can queue early for the tickets sold on the day, or even rent out their drive as a car park for visitors. Those who prefer to stay away during the Wimbledon fortnight can

rent their houses out to players for prices which run into thousands of pounds a week.

With football, the scale of the sporting operation is entirely different. In any normal season there are likely to be around 20 home games. Extended cup runs, such as Chelsea has enjoyed this season, or European competition, will push that figure up.

With two of its stands being redeveloped, Chelsea currently holds 28,500 fans. When it is complete, the ground will hold 43,000. Those fans will pass through entrances, two of which are directly next to the two smaller residential blocks.

One of those is Bovril Court, a block of eight two-bedroom flats. With the building not yet out of the ground, Savills has sold all eight properties, six of them to investors who will let them out. Savills estimates the small two-bedroom flats will attract rents of £300-£375 a week. They have been sold

for between £160,000 and £210,000.

Clearly the concept is proving popular with buyers - but the first wave are not buying somewhere where they will actually live. The test of that will come in the main residential blocks.

Most of the flats at Chelsea Village are in a large apartment block, with parking and underground car parking. In addition there are three floors of flats on top of the hotel, plus a smaller block at Stamford Gate. Savills says the scheme has proved the most attractive of the new developments it is currently selling in west London. There have been inquiries from the Internet from Cyprus and Hong Kong, as well as interest from British buyers.

David Prole of Savills says residents will either spend Saturday afternoons at the game, or go shopping and leave Stamford Bridge to the fans. With car parking spaces a compulsory extra to the package, costing £1,500 per year, they at least will not find their cars blocked in, as they might in the streets around Arsenal's north London ground, home games.

In addition to the flats, they will have fast restaurants or their own. One will be a pub, the restaurant, as opposed to the multitude of Irish pubs, bars springing up around the capital. A second will be a sports bar, named after Chelsea's famous old terrace, The Shed. The third will be an Italian restaurant, named Canaletto's and the fourth, smart fish and chips named "We want it to be the Corner Garden of west London," says Alan Shaw, Chelsea group secretary.

Chelsea Village has been talked about for years. It is finally coming off the drawing board at the optimum time. Football is fashionable and Chelsea, with its charismatic manager, Roy Gullit, is one of its most glamorous clubs.

At the same time the property market is surging ahead in London. If any football club can sell flats on the site of its ground it is Chelsea now.

Chelsea Village sales office 0171-365 2496; DTZ Debenham Thorpe, Edinburgh 0181-459 2282; John D Wood, Wimbledon 0181-944 1112.

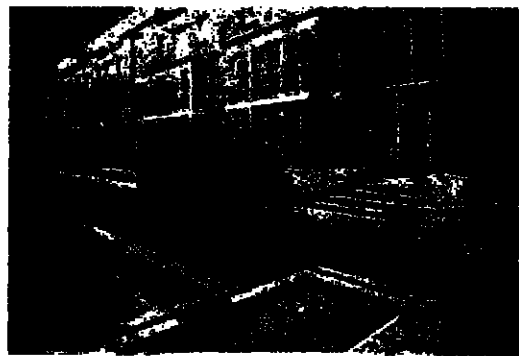
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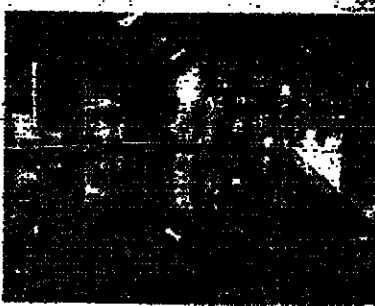
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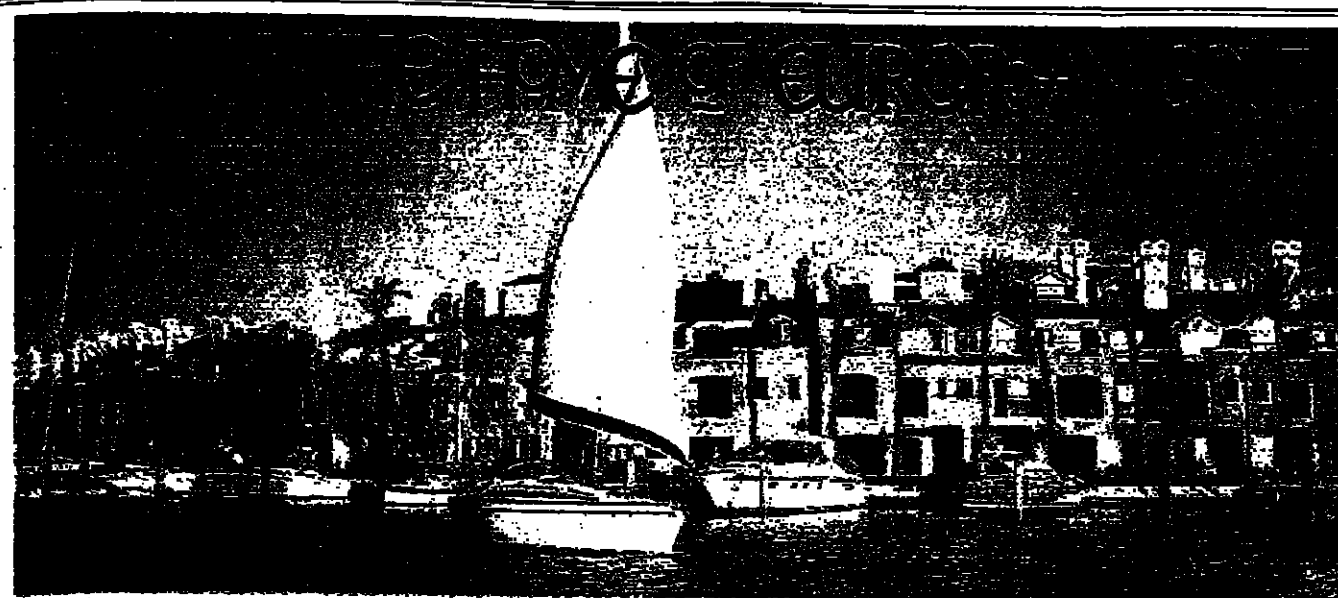
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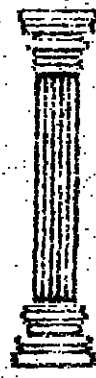
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BACKHAND OR BACKSTROKE?



Brockholes Farm, a converted barn near Huddersfield



One of the largest gardens in the area: Oakley Gardens, London SW9

Adding value to your property by building a swimming pool or a tennis court may sound like a good idea - but beware. It could turn out to be one of your costlier mistakes.

An all-weather court, costing from £15,000 to £30,000 can ensure enough personal physical well-being - and a more enhanced social life - to make it appear worth the price. And a tennis court is normally a good selling point if the house is put on the market. But pools are another matter.

An open-air pool may cost little more than a tennis court, but average souls in Britain can use those with-out heating for only a month or two each year. Even if heated, the season would normally only run from May to September.

Installing a PVC-liner pool, with heating, paving and covers - vital for energy conservation and preventing accidents - costs around £27,000 for a 40ft by 20ft pool, says David Earl of Paramount Pools. Choosing a white marble-like surface would be a third more, and a mosaic design from 25

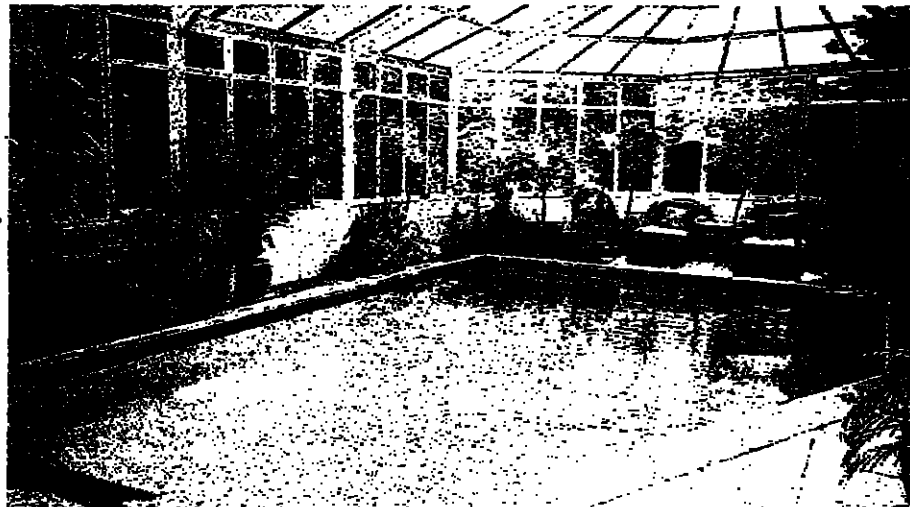
Don't jump in at the deep end

Gerald Cadogan has some advice for those who want pools and tennis courts

to 50 per cent more.

Heating for the swimming season is "like having winter fuel bills in summer", Earl says. For an indoor pool the cost will be much the same plus the price of erecting the pool building. The result may be anywhere from £50,000 to more than £200,000, depending on the type and luxury of the pool building. Fitting it into a barn at the back of the house might produce a saving, but all pools entail cleaning and maintenance. These days, many owners employ specialist pool servicers. Owners should tell their insurance company about a pool and list it as a separate item.

Clearly, insuring a tennis court matters less. Sellers are unlikely to recoup the cost of installing an indoor pool quickly. Andrew Ginger, of Leisureland Pools, estimates running costs at £1,500 a year for a medium-sized indoor



A large heated pool: Moor Villa, Farnham

pool in the £80,000-to-£70,000 range, and up to £3,000 a year for a bigger pool.

Outdoor pools have little impact on the overall price of a house - but they are usually a draw for families with children. Out of season,

when rotting leaves have turned the water brown, buyers can take fright, notes Richard Page, of John D Wood. He thinks potential house buyers may only envisage nothing but the upkeep costs during winter.

Generally speaking, sellers must go to market in the summer when a pool's advantages are obvious. Either that, or, for a winter sale, they must drain or cover the pool.

Pools and tennis courts may need planning permission and conservation area consent and/or listed building consent. If a house is neither listed nor in a conservation area, and the pool is sited away from the house, it often counts as permitted development, says Ginger. The procedure is to inform the planners and wait for them to accept the plan or say that formal permission is needed.

If the pool is being added to a grade I or II* house, expect a stiff debate with the local council and English Heritage. This applies even if you propose a one-off architect-designed conservatory around the pool. The plus point is that listed building consent means no VAT.

With tennis courts the item that often needs a consent, says Robert Hare, of Chandos Sports Surfaces, is the high fence round the court. Putting the court in a disused paddock may

require change-of-use permission. If you want floodlights, the situation may become more complicated.

A typical all-weather court, made of open textured tarmac and specially graded stone, needs little maintenance. A court may cost from £25,000 if it has synthetic grass such as Astro-turf on an all-weather surface. "Tim Henman's success has been a great boost to sales," says Hare.

Tennis fan Lewis Garfield, also advises putting water and electricity points near a court: the electricity to power a ball-machine and the water for refreshment between sets.

Among houses with pools for sale is Berehays Farm, at Whitford Canonico, near Bridport, in Dorset, with a 32ft oval indoor pool with classical decoration, and a spa bath sauna and games room. Humberts asks £325,000. Offers over £200,000 will secure Little Mead, a

Spanish-style bungalow with an outside pool at Kingswell in sunny Devon from agents Fulfords.

South-East Moor Villa, Farnham, Surrey, which has a large heated pool in a conservatory complete with jacuzzi, Turkish bath, sauna, is for sale at £575,000 through Jackson-Stops.

An outdoor pool and tennis court in Oakley Gardens, Chelsea - a property with one of the largest gardens the area - costs £2,250,000 for lease expiring in June 2007 and a ground rent of £1,000 year. The agent is Aylesford in York.

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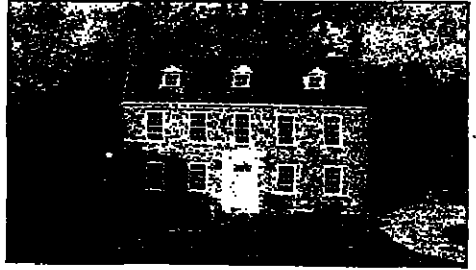
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Will the rich foreigners be moving out?

Anne Spackman looks at the prospects for overseas buyers if Labour wins the election

As overseas residents in Britain are generally wealthy and have no vote, they are depicted as easy targets for any in-coming Labour government. The Labour party may have been not to soak the rich, but what about rich foreigners?

The big estate agents, for whom these people are key customers in the London and country markets, have been issuing pre-emptive strikes on their behalf. Foreign buyers may not be able to vote in the general election, they say, but if you change the tax laws they will vote with their feet.

There have been statements about the attractiveness of tax havens such as Jersey, Monaco and the Isle of Man. Warnings of falls in London property prices have been issued. Press releases have depicted heavy losses for London's shops, restaurants and taxis, should the high rollers move away.

There was delight when it seemed master of the musicals, Andrew Lloyd Webber - now Lord Lloyd Webber - had declared he would be upping sticks should Labour win the forthcoming election. In fact, although he is selling his Baton Square home, he has made it clear he is not about to become a tax exile.

What does Labour have to say about all this? It is almost impossible to get a Labour spokesman to say anything concrete about tax, with the election just weeks away.

However, Alistair Darling, shadow Chief Secretary to the Treasury, was willing to send some clear signals to

Britain's overseas home owners. The people Labour has in its sights are not overseas investors, he said, nor are they the world's wealthy per se. They are the people - many of them British - who are avoiding paying tax by exploiting loopholes in the current system.

"All that we have said is that the tax system has to be fair," said Darling, "and that we will be vigorous about closing down loopholes which allow people to avoid paying tax by making themselves non-resident, when they really are resident in this country."

'If foreign buyers are threatened with taxes on their worldwide income they will go'

Under current law you qualify as a non-UK resident if you spend at least half the year abroad. However, if you have stayed in the UK for more than 90 days in four consecutive years, you are also deemed to be resident.

The big advantage for non-residents is that they are exempt from paying capital gains tax on sales of property or any other assets. When it comes to property ownership, people have to be non-resident in the year of the sale to qualify for the exemption.

What Labour objects to is the practice whereby some

one leaves the country during the year in which they make a killing, then returns when they are no longer liable to pay tax. "The Inland Revenue must be given instructions to ensure that where somebody is simply exploiting the system like that, they do not get away with it," Darling said.

The same people have been the beneficiaries of a tax change which allows them to "roll over" the profits they make from shares or any other investments into farmland, without paying capital gains tax. The farmland can then be passed on without incurring inheritance tax.

Darling says: "There is a world of difference between encouraging people to pass on family farms and allowing, on the back of that, an industry to develop whereby people become 'farmers' for tax purposes. However," he adds, "closing these loopholes can take some time."

Jonathan Smith of Strutt and Parker's tax department says the kind of people who take advantage of this tax sheltering scheme normally have upwards of £500,000 to invest. "It is quite a complicated business," he says. "You have to set up a company with a secretariat. Most of our clients qualify for the genuine relief, so they would not be affected."

Willie Gething of the buying agency Property Vision, predicts the closing of the loophole would have little impact on land prices, which have been rising sharply for the past two years.

"Farm prices have gone up because of the Common Agricultural Policy, not because of roll-over relief," he says.



This is an area in which there was clear blue water - or clear green fields - between the Labour and Conservative parties. The Conservatives had pledged to do away with capital gains and inheritance tax altogether. However, within the last month, that pledge has been postponed.

One big area of concern to top-of-the-market agents such as Knight Frank is the question of tax for non-domicile residents. People who live in the UK, but are citizens of another country, only pay tax on the income they generate in the UK or send here. They are not taxed by the British government on their worldwide income.

Lorna Vestey says a

change in that rule would have a significant impact on London.

"These people spend a lot of money here," she says, "not just on property, but in the retail and furnishings business, in restaurants, in the racing world. If they are threatened with taxes on their worldwide income they will go."

She doubts whether it is practicable to assess the worldwide income of many rich people. "How are you going to estimate the worldwide earnings of, say, a Saudi businessman? Rich people will always find ways of avoiding paying tax, like putting their money offshore."

Darling would only say that Labour does not have a

policy to introduce a tax on worldwide income.

Finally, what about the hundreds, if not thousands of investors from south-east Asia who have bought properties in London over the past few years. Would they be affected by a Labour government?

It seems unlikely. "We welcome inward investment whether it is in a factory or a house," said Darling. "We live in an international economy. We have no problem with someone from Hong Kong buying property here. Those are not the sort of loopholes we have in mind."

The typical investor from Hong Kong or Singapore currently benefits from exemption from capital gains tax. They can also avoid paying

income tax on the rent they receive, if they structure their investment carefully.

Alan Lester, of the London accountancy firm HW Fisher, has several hundred clients in south-east Asia. He says they are aware of the tax advantages of investing in the UK, but that is not the primary reason they choose to buy here.

"People buy to make money, they buy because it is a secure investment and they buy for sentimental reasons - because they have an emotional tie to Britain. They may have been to college here or they may educate their children here," he said.

"The big players are looking in purely financial terms at maximising their

returns. Tax is one of the issues which makes the UK more favourable than other places."

He thinks it increasingly unlikely that Labour would move against overseas home owners. "They keep saying they are not the party of high taxation," he said, "and they say they want to encourage more investment. Tax advantages are a part of that encouragement."

Willie Gething of Property Vision also believes Labour is keen not to jeopardise its new tax position. "If they change the tax rules, it will send a message to the rest of the world that socialism is back in the UK. That would ruin the popular belief on the street that Labour has changed."

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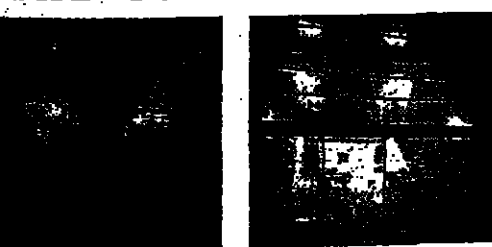
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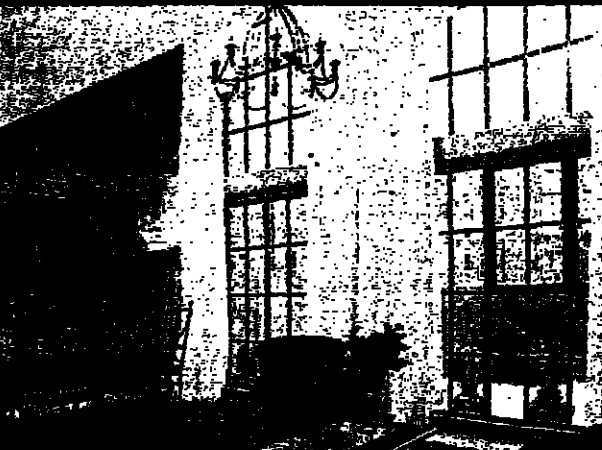
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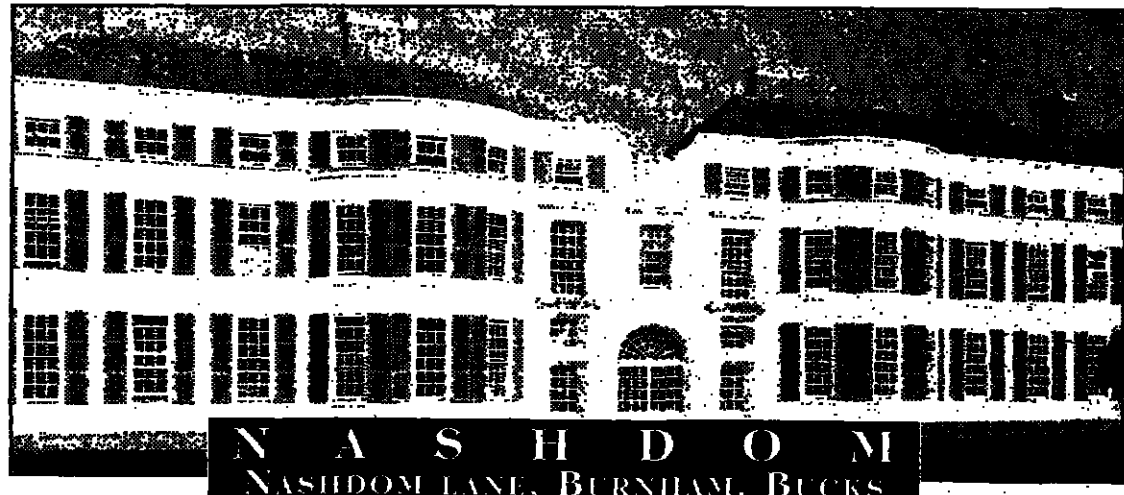
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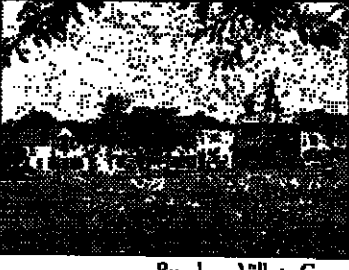


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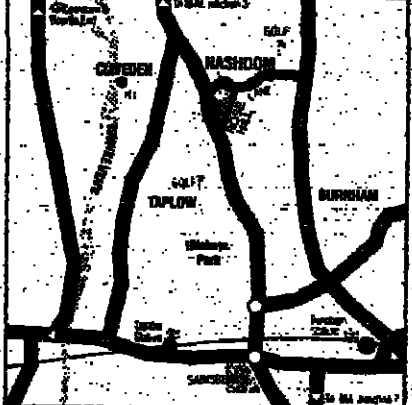
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In the luxury market those who put in the finest craftsmanship and fittings find customers are happy to pay extra for it. In the market for mainstream flats, those who design the best, sell the fastest.

Estate agents have found that the best designers are the key to sales right across the board.

When asked for their favourites, these are some of the names which crop up most often: Anthony Collet, Richard Collins, Paul Davis, Klaus Nilsson, Piers Gough, and as developers, Marylbone Warwick Balfour and the Berkeley group.

The two names which scored highest were Sandie Altman, who has a reputation for working on listed buildings, and Tchakik Chassay, who is a modernist. Below, they explain their design philosophy.

Sandie Altman and Carina Carson are from Weldon Weibull, architects for Chelsea, on the Chesham Place Estate in Belgravia.

Chesham Place looks like a traditional Belgravia terrace from the outside, but inside it has been transformed into a series of stunning internal apartments. Each one is different in size and layout.

The attention to detail and quality of finish is of a standard normally only found on



'You cannot offer buyers a tube of Smarties and ask them to pick a colour': Sandie Altman (left) and Carina Carson

Melvin Wilson

Design is no longer an optional extra

Anne Spackman asks two experts about their philosophies

one-off commissions for the very rich. The scheme incorporates international standards of service and security and has broken the £1,000 a square foot barrier.

Sandie Altman explains: "We are normally working on historic, listed properties in prime areas of London. The buyers are international and discerning. They have technical requirements, in terms of security, communications, alarms and air conditioning, which are not easy to combine with old buildings."

"Developers have realised people will pay for high quality finishes and furnishings. We tend to hand-pick specialist craftsmen to work on the kitchens, bathrooms and cupboards. We also worked closely with the inter-

ior designers from the start, so that they developed schemes around the architecture."

"There is a need to offer individuality at the top of the market. You cannot offer buyers a tube of Smarties and ask them to pick which colour they want."

Tchakik Chassay, of Chassay Architects is currently working on Ice Wharf, on Battlebridge Basin, King's Cross.

The building has huge galvanised windows, bowing out across the water, and modern internal fittings, such as steel and oak kitchens, stone and wooden floors. Prices for the flats, which are mainly between 750-850 square feet, start at £125,000. The development is due to be launched in a

month from now.

He is also involved in the second phase of LCR's successful Stanhope Gardens development in Kensington.

Tchakik Chassay says: "There is a growing market for people who want something urban and modern. Developers such as London Buildings, Manhattan Loft Corporation and Regalian have recognised that."

"So have the planners. They realise that there are sensible forms of modern architecture which fit in better in certain locations than an attempt at historicism."

"Urban developers, particularly in London, have recognised a change in spirit. The growth of Ikea is a compelling piece of evidence. There are people queuing around the block

for their modern furniture, interiors and kitchens. Companies selling pelmets and traditional kitchens are struggling."

"At Ice Wharf we have created a tremendous sense of space. The living areas feel like lofts. They are designed to offer people the flexibility they now need, with lifestyles less defined than they used to be."

"In Stanhope Gardens we had to have a more traditional look. There are pediments and scrolls, marble tiles and stone surrounds to the lifts. I'm a modernist myself, but I can appreciate any kind of good design."

"I find speculative housing work very exciting. I like to feel I am designing a popular product, rather than one person's whim."

Save a little cash for the garden

Two garden designers tell Gerald Cadogan how they interpret their clients' wishes

The garden defines a new home as much as its interior arrangements. Yet, too often, house buyers leave little or no spare cash for replanning the garden.

But when people do spend money, garden designers do not always find it easy. "Most of the time you have to interpret what your client wants," says garden designer Suki Urquhart (of Hetty McPhail Design), who lives in a dreamy ancient house in Banfshire with a luxuriant garden in country high on the valley side above the river Deveron.

A leading garden creator in the north-east of Scotland, she concentrates on "colour, texture, shape and proportions", stemming from work in clothes and, later, interior design. "I got so bored with people asking me to lunch and saying, 'what shall I do with my garden?'"

"I experiment. It's like designing fabrics," Urquhart says, while remaining aware that "you can't stop somebody putting puce lovelies in the middle of your tasteful scheme."

Handling clients can be "quite tricky", especially as she believes that gardens have to have joy in them. She has little time for landscape architects as they are relentless about specifications, she says.

Garden design in Scotland has its problems, chiefly the climate. But stunning scenery makes fabulous backdrops. "It is vital to hang on to that, when one's thinking of a design," says Urquhart. "The scheme must flow out of the landscape."

One of her muses is Kaffe Fassett, the knitwear designer, whose sense of colour and texture she finds inspirational. "I went for a walk with him on Eigg, and he taught me how to see things I had never seen before."

Urquhart charges £30 an hour plus extra for mileage



Dreamy house and garden in Banfshire

designing three water garden bridges for him.

"I start from what's there," says Adams, "and pay attention to the history of the place."

"Then comes the big question of what the clients want, 'which is always what they think they want. You need to fire clients up very early on, if you can. The key is to make them interested.'"

Does Adams prefer roads or gardens? Both interest him. "With roads you are serving many people, which makes you very aware of the public interest."

"But with a garden for a Grade I listed building you are equally aware of a public responsibility." This attitude probably helped him win a landscaping commission from the Crown Estate Commissioners for The Holme, the 1817 (Grade I) house by Decimus Burton in Regent's Park in London.

Adams charges £45 an hour. "Others charge more," he says, although he knows of only two rich landscape architects, one who achieved it by tenacity, and one by being bought out.

It is a cyclical business. "Having been through two recessions, I don't employ more people unless I have to," Adams now has a staff of three. "I only had to put everybody on part-time for three months during the last recession," he says proudly. "We kept going, though without salary raises."

Adams has had two gardens refused change-of-use permission by planners and, sadly for him, the clients would never have been created if there were planners around. They would never have approved of Capability Brown.

■ Robert Adams Landscape Architects, Cropredy (01295-758486); Hetty McPhail Design, Rothiemay (01466-712765).

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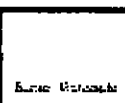
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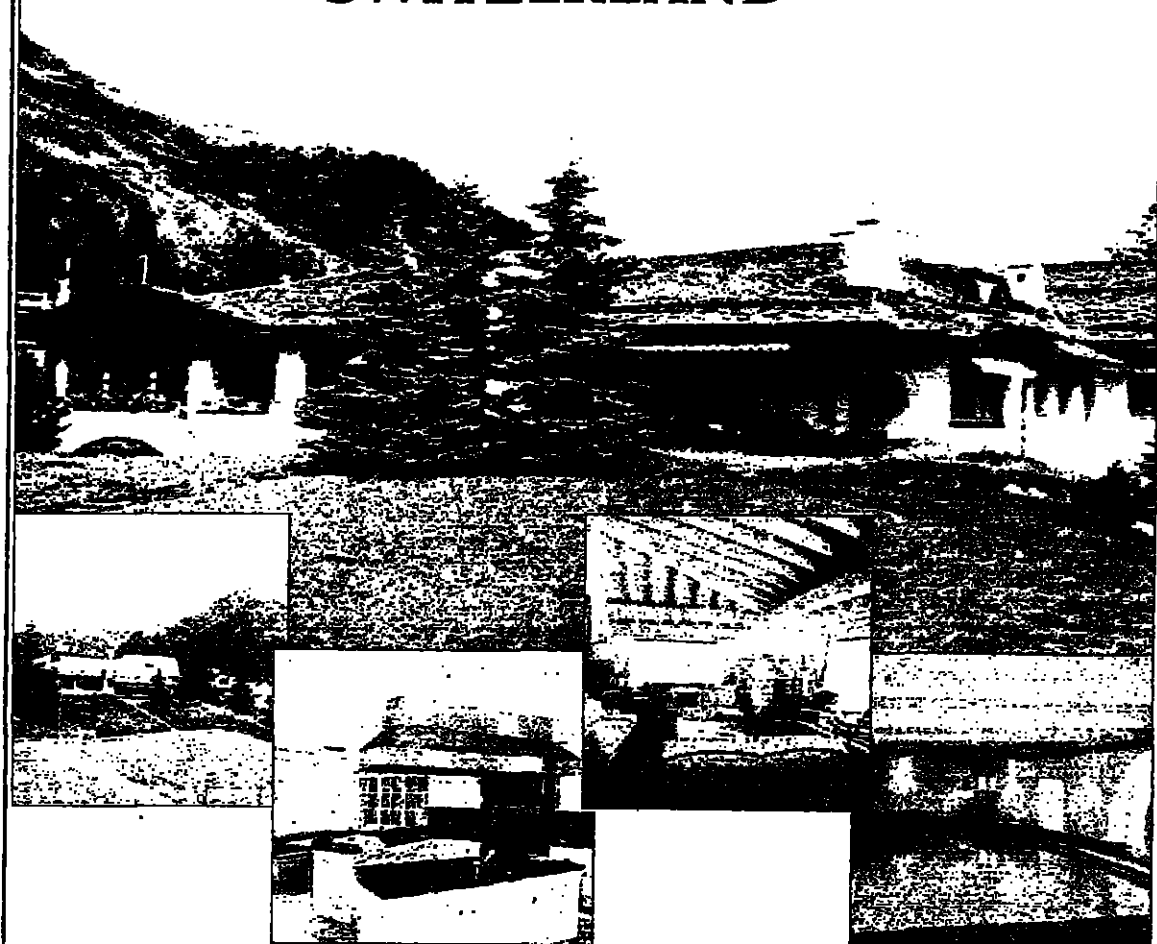
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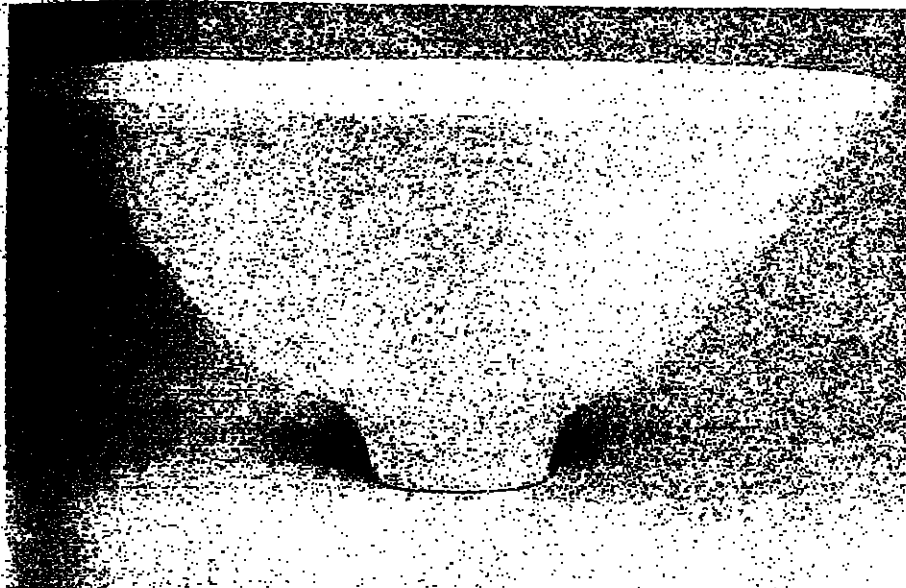
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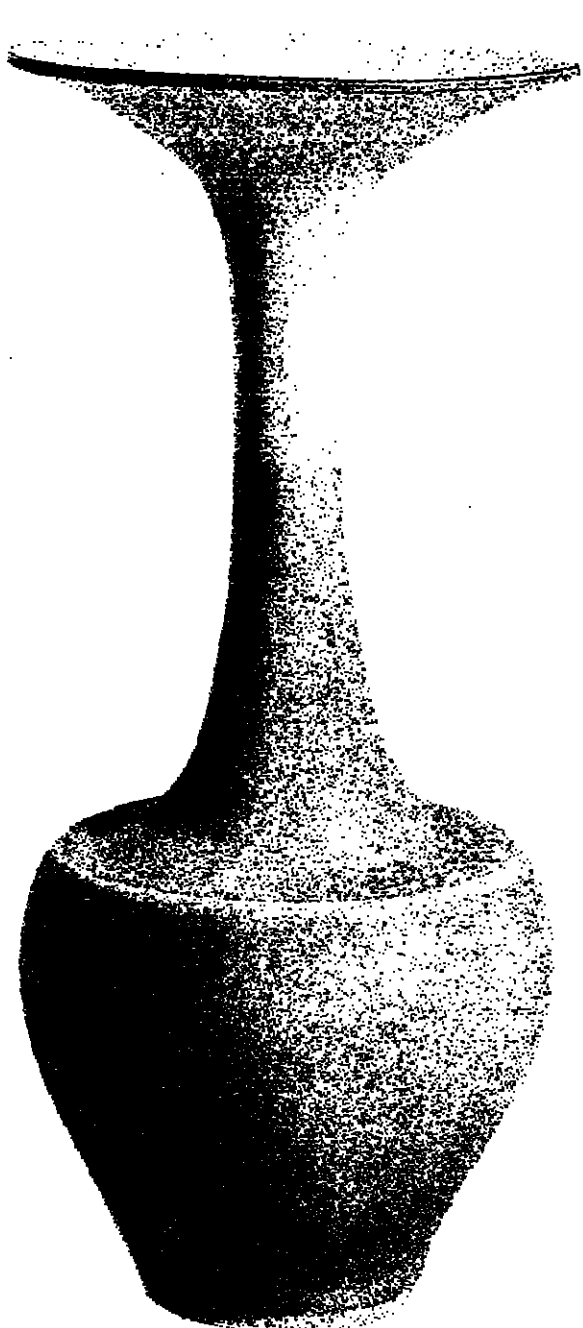
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HOW TO SPEND IT



Top: Lucie Rie at her pottery wheel. Above: One of Rie's delicate matt off-white glazes on a large footed conical bowl, estimated to fetch between £8,000 and £12,000. Right: Typical of Rie's elegant, yet lyrical spirit, this porcelain bottle vase should realise between £4,500 and £6,000



Wheel of fortune turns

Lucia van der Post recalls the woman who redefined British pottery as a fine art

Lucie Rie, the great British potter who died two years ago, changed the way the British looked at pots. She managed to persuade many that, far from being simply indeterminate lumps of clay, pots could truthfully be defined as fine art.

With Bernard Leach and Hans Coper she formed a formidable triumvirate that brought British ceramics into the international arena. Behind the scenes, sitting quietly at their potter's wheels, they engendered a pioneering spirit, a sophistication, a delicacy on Rie's part and a masculine

strength on Coper's that changed the direction of British ceramics forever.

Through their work a new tradition – sparsely decorated, free of classical or historical references, dependent upon form and the qualities of the glaze and some surface texture for their effect – came to be understood.

Rie was a natural. While studying art history, drawing and painting in Vienna, she wandered into the ceramics department, sat down at the wheel and, as Cyril Frankel tells us in an excellent foreword to the catalogue accompanying a forthcoming Bonhams sale of her work, as soon as she felt the form of a rising vessel she was "lost to the wheel".

In the next 70 or so years of her life pots were to flow in a rich and maturing pattern from her wheel.

For years her pots were a private passion of many serious collectors – such as the late architect Sir Ove Arup, Lord Queensberry, Sir Robert and Lady Sainsbury as well as humbler folk such as Dr Rollo Ballantyne, a national health GP and his wife who bought her work steadily through the years – but she gradually became widely sought after world-

wide. An exhibition of her work and that of Hans Coper at the Metropolitan Museum of Art in New York in 1994-1995 brought a big following in the US.

Issey Miyake, the avant-garde Japanese fashion designer, became enamoured of her work and of her as a person – so much so he longed to make clothes for her. When he organised exhibitions in Tokyo and Osaka to introduce her work to the Japanese there were queues round the block to view them.

For those who know and love her work April 17 brings a rare opportunity to buy it – a collection of her work will be sold by auction at Bonhams which titles the catalogue "Sale of a Lifetime".

This could sound like hyperbole except for the fact that Lucie Rie is dead, that much of her work is already safely stored away in private collections and museums around the world and that what is for sale on April 17 are the pots, buttons and jewellery that were found in her workshop and showroom after she died.

Once these are sold, there will be no more pieces for sale except for those that come on the market from time to time when private owners decide to part with them.

Estimated prices (which are, of course, nothing more than guesses) will seem high to those not versed in the prices that fine pots fetch these days – there are a few simple plates and dishes available in the low hundreds (in particular two dishes with a beautiful egg-yolk yellow glaze estimated to go for between £450 and £800), some of the buttons (she survived in war-time Britain making ceramic buttons) are less than £100 but otherwise almost everything is priced in thousands.

So far, nobody who has bought a Lucie Rie pot has ever lost money on it – those who bought from her in the 1960s and 1970s have seen the prices they paid multiplied many times over.

Those who cannot afford to buy but are interested in the work should go along to look – it is a wonderful opportunity to see the range and depth of her work. There are the supremely delicate and sophisticated pieces that for many people define her best work, but there are also the more robust pieces with rougher textured surfaces that for others are just as authentic a part of the Rie legacy.

The catalogue alone is worth buying. Put together by Frankel – who first met her simply as a collector who loved and bought her work but became a close and trusted friend – it costs £15, gives a charming outline of the potter's life and is filled with many pictures of Lucie,

her family and friends as well as copious illustrations of the pieces for sale.

■ **Viewing at Bonhams, Knightsbridge, Montpelier Street, London SW7 1HH (tel: 0171 369 3900) is from Sunday April 13 to Thursday April 17.**

A virtuous shade of baby white

Fine linen – no problem, says Lucia van der Post

Sometime in the late summer of 1963 when Christian Rucker was a beauty writer on Harper's Queen magazine a friend, who is now her sister-in-law, happened to mention how difficult she found it to buy simple, good quality white household linens.

It wasn't long before Christian found herself giving in her notice, sourcing suppliers of fine quality white linens and running a mail-order venture of her own – her then fiancé and now husband Nick Wheeler, having started his own mail-order shirt business a few years earlier.

The virtues of white are so manifold and so obvious, that looking back it seems extraordinary that nobody thought of such a simple yet obvious idea before.

Be that as it may, The White Company (as Christian Rucker named her new "baby") seemed to find ready approval from all sorts of people who longed to have easy access to a whole range of white household goods – from plain Irish linen napkins and damask tablecloths to clean-lined white china and sweet lacy cushions.

And, of course, the prices helped. Quality for quality she was able to offer things such as plain linen sheets, thick white cotton bedspreads, linen damask hand towels, hand-embroidered white cotton duvet covers at prices at least a third cheaper than those to be found in retail shops.

From an initial mailing list of about 800 (mostly gleaned from the first article about the newly launched company printed on these pages) the list has now grown to more than 40,000.

All sorts of items have now been added from what the catalogue calls "boudoir bottles" (fleshy vessels for storing bath oils and scents)

and blankets to small presents such as cuff-links, business card holders, clocks and compact mirrors and, most recently, a charming iron bedstead.

Products are found as far afield as Portugal, Ireland, China, the north of England and Germany. But the backbone of the business, the things more buyers are

software programme for stock and database management as well as eight full-time members of staff and something like 120 orders a day are dispatched.

But the key new development is that since the company was first started, Christian married and had a baby so the inevitable now has happened and White Company Baby was born.

For any new mother (or grandmother, godmother or generous friend) the new collection is a Godsend. Here are many of the prettier things a household with a small baby needs – white hem-stitched cotton cot-sheets or white pique-bordered cot-sheets, white towels, soft blankets in pastel checks of blue or pink as well as an eminently useful "bumper" (a lining for a cot to protect the baby from hurting itself against the bars) which comes in plain white or edged in pink, yellow, green or blue gingham.

Bibs, huckaback hand-towels with *Salle de Bain* printed on them, and all manner of sweet extras such as padded hangers, nursery cushion covers and towels edged with appliquéd elephants are available, too.

A useful present for new mothers is the baby gift basket – for £34.99 there is a pique-covered basket filled with a hooded towel, Johnson & Johnson baby products and a teddy-bear.

New items will be introduced from time to time so anybody with a new baby who has had a surfeit of bunny-bedecked baby-wares should keep an eye on what the company has to offer. In the meantime The White Company Baby line will be incorporated into The White Company brochure which comes out on May 1 and is available free from: *The White Company, 298-300 Munster Road, London SW6 6BH. Tel: 0171 365 7988.*



Bed sheet, £19.99; pillow case, £9.99; 'bumper', £29.99



Nursery rhyme cushion cover in cotton, £24.99

looking for than anything else, is still the white bed-linen.

There are now some 10 variations on the theme (including absolutely pure cotton pique sheets, hand-embroidered ones, some crocheted-edged, some with hand-drawn threadwork) and a couple of the lines now sport a little, but just a little, colour.

Popular, too, is the service which means that table-cloths can be made up in special sizes and that unusual bedlinen sizes can be made to order.

Whereas in the beginning the company was run from fiancé Nick's attic with the help of her sister, today there is a proper warehouse, a fully integrated mail-order

SHIRTS - At Thomas Pink of Jermyn Street, SW1. Newly arrived: "The Continental", a range of luxury casual shirts in 14 stunning colours. Send for free catalogue, 0171-498 3882.

The Financial Times plans to publish a Survey on

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on Wednesday, April 9

This survey will be the Financial Times first ever on New York and will explore the economic, political, financial, and industrial environment of the state. With city and state political leaders both dedicated to accelerating economic growth, the prospects for the future will also be examined. The state is currently waging a campaign to attract new business with the aim of making New York the Empire State once again.

The survey will also examine the state's other industries including tourism, agriculture, electronic and telecommunications equipment.

If you would like further information, please call:

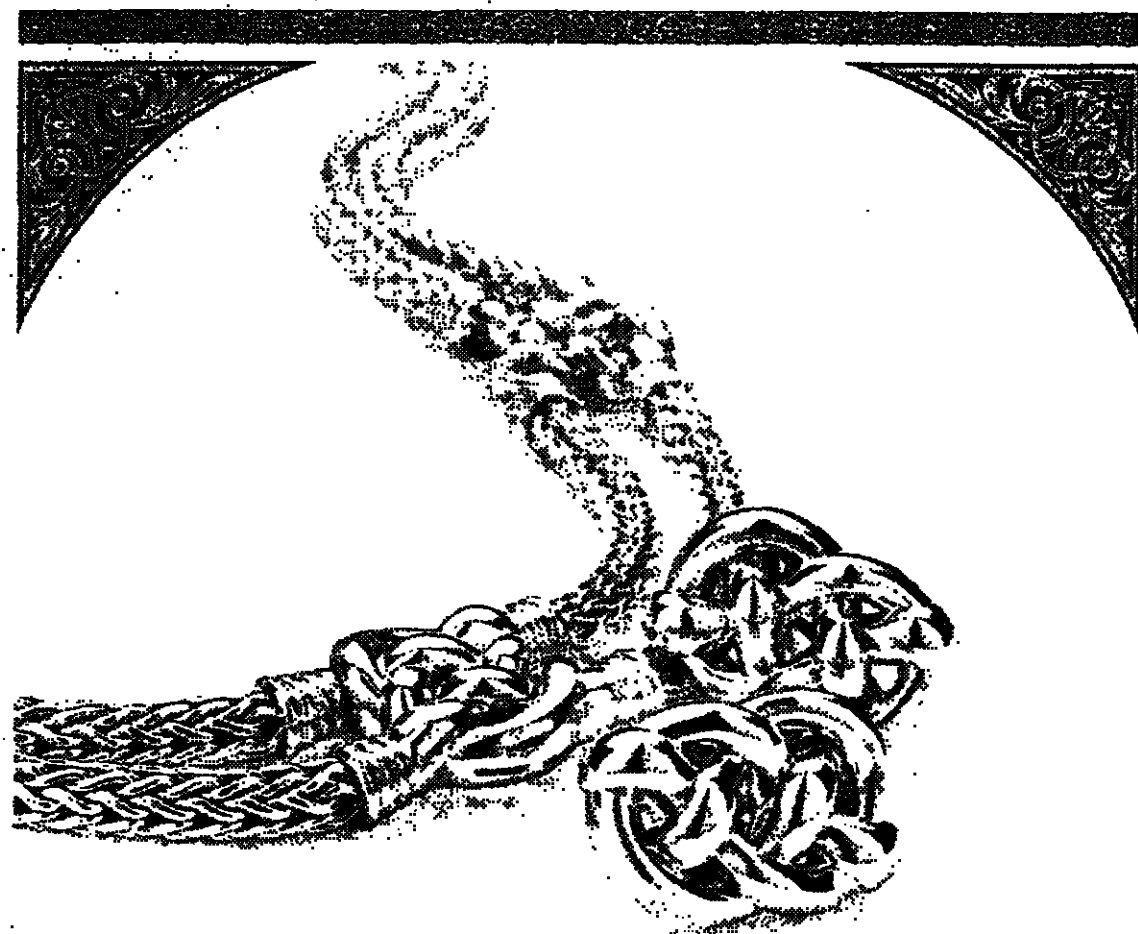
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OUTDOORS

There's a privy in my back garden

Christine Burton comes face to face with a destructive badger

Halfway down my garden path one beautiful evening last summer, I froze to the spot. There, just a few yards away and quite unobtrusively, was a badger. He - I say he, as at that time I had no way of telling but later events suggested he was indeed a he - was snuffling through a cast-iron fruit tunnel supposedly protecting my strawberries.

The tunnel is about 18in high at the apex and the badger found turning round at the end a bit of a tight squeeze. Still, it was worth it for the remains of my strawberry harvest.

He emerged from the tunnel, sat down, scratched himself - and then saw me. He rushed off and disappeared under my shed

which is built up at one side to take account of uneven ground. I was thrilled to bits; I had never seen a (live) badger in broad daylight before.

Word quickly spread round the village; my neighbours were impressed. "But don't approach him," said one. "They can be vicious." All were agreed that the long spell of dry weather had made the ground so hard that his normal diet of earthworms was unobtainable. The poor creature was obviously starving.

Some time later, in the

space of four days, the shed door underwent a transformation. I found I could not shift it. With much heaving, it eventually opened but then it would not shut. The local champion ploughman/drystone waller and fount of all knowledge came on the scene. "I'll have to shave both the floor and the bottom of the door. That's the cure but we must do something about the cause."

Though we could not see anything, the badger's digging had undermined the foundations. "They hate the

smell of creosote," said Roger. We soaked a piece of old sheeting and put it under the front of the shed.

Come the autumn, my uncle came on the phone: "Is that the badger sanctuary?" "Yes," I said wearily, "unfortunately, it still is." The sheet had been dragged further underneath; he was making himself comfortable. A large hole had been dug beside the shed - just where my tulip bulbs are planted.

I consulted one of the local farmers. "He's trying to attract a mate," he said. "He digs a hole, and craps in it. If the lady badger responds by leaving her own deposit, he'll go away. You'll just have to wait."

I waited. The lady appeared not to have been wooed. I put the by-now-frozen offering into a plastic bag and into the dustbin. I filled in the hole.

But my badger is nothing if not persistent. The holes have proliferated - and so have their contents. The latest is inches away from a cyclamen neapolitanum which I had been hoping would naturalise. It has

obliterated the cyclamen seeds I had sowed there. Another is in the middle of the bluebells and anemone blanda which give me such pleasure when they open their blue faces to the early spring sun.

Last winter I found that a tunnel had been dug into the middle of the compost heap. I remembered there had been a wasps' nest there in the summer. The badger had obviously been after the grubs. But I had repaired that damage and it was not repeated. The badger had moved on - by trying to dig under the fence between me

and my next door neighbour. That put paid to the polyanthus.

But this time he was in for the duration. "They're a protected species," said a forester (as if I didn't know). "You can't get rid of him. The only thing you can do is stop him getting in."

Of course, he could come from the field opposite, cross the road and walk up the path, but I think he is scratching over the wall at the bottom of the garden.

This is not difficult since it is the old churchyard wall which collapsed many years ago and about a yew tree

Hidden treasure washes up in the storm

A dark, black stone is making a reappearance in North Yorkshire, writes Nigel Burnham

Stormy weather in Whitby is bad news for the town's struggling guest houses and business is booming. "We are finding it difficult to make enough," says MacKenzie. "Jet is more popular now than at any time since the 1920s - not least, I would say, because black has become the most fashionable colour. The fact is, you can wear jet with anything."

MacKenzie's only gripe - that "working jet is very labour-intensive" - must have been discovered by Bronze Age man 4,500 years ago and later by the Romans and medieval craftsmen.

"It's a fact," says Alec MacKenzie, who runs Victorian Jet Works with his son-in-law Hal Redvers-Jones. "Jet has gone in and out of fashion throughout the ages but its popularity - or lack of it - has often been linked to the availability of the material itself. It's in the cliffs and the rocks on the sea bed and you have to wait for rough seas to sweep it up or expose it."

Whitby's jet - created 180m years ago when monkey puzzle trees were washed into the sea and subsequently fossilised after being flattened under tremendous pressure - is considered the best in the world. And it is still found, by retired fishermen, the unemployed and young children, along an eight-mile stretch of coastline between Sandend and Robin Hood's Bay. Twenty years ago the industry was all but extinct.

There were only two professional jet craftsmen and little demand. Now there are seven professional jewellers working in five shops, and business is booming.

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A Victorian study: jet workers in Whitby during the heyday of the local industry in 1890

the 1950s, about 30 miles south in the Roman town of Derwent (Malton).

Over the centuries the stone became revered for its supposed magical and medicinal properties. "When heated, jet drives away serpents," wrote the Venerable Bede, while others believed that powdered jet mixed with the marrow of a stag was an antidote for poison, or in the 14th century, hung jet crosses and rosary beads from witch posts as charms against witchcraft.

But Whitby's jet's great years came in the 19th century when the ancient primitive methods of fashioning jet using knives, files and rubbing stones were superseded by the ability to turn the stone mechanically.

In 1832, there were only two jet firms, employing 25 hands, but by 1851 there were seven, several of whom were invited to send samples to the Great Exhibition in London. They included Thomas Andrews, jet orna-

ment-maker to Queen Victoria, and Isaac Greenburg, who in 1854 received an order for a 4ft 6in long cable-chain guard from the Queen of Bavaria.

At the height of the Whitby jet rush, between

The stone became revered for its supposed magical and medicinal properties

1870 to 1872, 1,400 men and boys were employed in the industry in Whitby and the surrounding area. Another 200 combed the North York moors for the stone, worked in jet mines in Farndale, Rosedale and the Cleveland Hills or patrolled the sea-

shore looking for washed jet pebbles or cliff falls to reveal a new seam.

Large quantities of jet were exported to France - not just necklaces, pendants, earrings, bracelets, rings and brooches, but also ornaments for hats, bonnets, sprays and clasps in the form of birds, insects and butterflies.

The industry's heyday did not last long. Cheaper, inferior jet imported from Spain and similar jewellery made from vulcanite undermined the Whitby trade while the somewhat bulky pieces went out of fashion as women began to favour more delicate jewellery.

By 1884, the numbers of people employed had dwindled to fewer than 300, in 1921 to 40, while by 1936 it was predicted that "in a few years' time the trade will cease to exist".

The industry's re-birth is perhaps best illustrated by the fact that all the businesses in Whitby are finding it difficult to meet demand.

There are no stockpiles. Everything they have is on display, from jet and silver ear studs at \$5.50 a pair to \$35 brooches and necklaces costing \$100.

Jet is likely to receive another boost in May when half a million people are expected in town during the 10-day visit of the Australian-built replica of Whitby hero Captain Cook's Endeavour.

If they do not buy up all the jet, thousands of others expected to follow to celebrate the centenary of the publication of the Bram Stoker classic *Dracula* - three chapters of which are set in Whitby - probably will.

Whitby may be only a small town with a population of 14,000, but the resurgence of the historic jet trade has given people from all over the world even more reason to visit. "You never see Whitby jet advertised - people get to know about it by word of mouth," says MacKenzie.



Port after a storm: Alec MacKenzie collecting jet

Sam Allen

Gardening

Drug-addicts for intense pleasure

Forward thinking now and a feeding regime later will produce enviable dahlias, says Robin Lane Fox

Gardeners have had two unimaginably wonderful weekends. Three in sequence are too much to hope for, but this amazingly kind March has left us well placed for the spring rush. The early bulbs were late in most parts of Britain and we have just enjoyed the unusual sight of crocus overlapping with the early spring Prunus and the best of the small narcissi.

For several years, I have been dotting small clumps of small narcissi down the lengths of the main flowerbeds. This garden used to be as bleak as the steppes in March, but it is now alive with groups of easy narcissi which other, more favoured areas, would expect to see in February.

I have learned from experience that it is worth any effort and expense to find and plant varieties of daffodil and other bulbs which



are listed as flowering unusually early. In cold parts of the country, they then appear six weeks late, but still before the rest of the neighbourhood has any-

thing to show for itself.

Among the heavenly flowers of this delayed spring, it is easy to forget to think forward and look beyond the beauty before us. Looking forward is essential if you are to join one of the band-wagons now rolling ever further up a social scale whose supposedly sensitive peaks have been through a period of despatching. The dahlia has never been despised by most of the members of local gardening clubs and show groups.

When the rest of us went pastel in the mid-1950s and opted simply for covering the ground and saving labour in the 1960s, the dahlia was put firmly back on the allotment from which it was believed to have elevated itself. This strange hiatus in taste is now being repaired. Labour-saving is no longer the subtitle of gardening - it ceases to be fun if it is in no way laborious. Strong colours are back and some of the best borders in the public National Trust gardens have shown that even the grandest settings banish the dahlia at their peril.



Dahlias have emerged from the allotment and are undergoing a renaissance

Photograph: Garden Picture Library

These days there are short cuts. You can buy this summer's dahlias as ready-rooted cuttings which save any involvement with the bulky, mouldering tuber underneath old plants. Many people are willing to spend a little money to save the extra percentage of time

which now makes the old specialties hard to manage in a weekend garden.

The best dahlia suppliers are taking orders for rooted cuttings and I must emphasise that they are an excellent method, well able to lead on to superb flowers by August. Halls of West Hed-

don, Haddon-on-the-Wall, Newcastle upon Tyne NE15 0JS, will take orders for rooted cuttings until April 10 and will send by mid-May (tel: 0161-822445).

Halls sends out stock by post, whereas the admirable Aylett will only supply orders for collection. It is at the North Orbital Road, London Colney, St Albans, Herts (tel: 01727-322255). Aylett issues a list and will take orders until April 4, offering a more random stock for cash and carry after April 16 if you have failed to reserve the colours which suit you best. Aylett rooted cuttings are not sent by post.

Last year, I went back to a wider range of dahlias, lured by Halls' postal service. The small rooted cuttings may strain your faith when they arrive in mid to late April, but they will grow into superb flowering plants by mid-August and will transform the range of your garden for the next three months.

Mid-April arrivals must be kept in frost-proof places, preferably a small greenhouse, although I have had success in the spare bed-

room. Each cutting goes into a bin-pot on arrival and is shaded from sun for a few days and only watered lightly. Soon they start to grow furiously, but they cannot go outdoors until the last week in May in the south of England or early June elsewhere. Halls also sells small pot-grown plants, sent from May 15 onwards, although postage is expensive and confined to the UK. These pot plants are probably the answer for gardeners without greenhouses or Londoners who only want a few of the best.

Dahlia names are wonderfully bouncy, from Jill's Blush to Shandy. In most gardens, the small to medium size of flower is the easiest to combine in borders and match with the other flowers of high summer. The bi-coloured varieties are usually a bit much and one of the giant Cactus varieties will go a very long way indeed.

My great successes last year were lemon yellow Laura's Choice, the tall but small-flowered white Mary Pili, a true shocker called Orange Keith's Choice, the

pale lemon yellow Lemon Elegance which I massed in two large urns and the beautifully formed pink Pearl of Heemstede which proved an excellent cut flower. Dozens of others are tempting and more varieties appear each decade.

Apart from earwigs, dahlias come with complications. They must be staked properly, but you will soon learn to make a loop round each plant and attach it to one or two main stakes, set in place when you plant out. Dahlias, like nasturtiums, hate to be too dry when they are young and must be well watered if the UK has a repeat of the 1995, 1996 summers. They flower twice as well if they are properly fertilised with Fish, Blood and Bone when planted and then dressed regularly with liquid fertiliser during the main season.

Drugs bring out a dahlia's intensity and abundance. If you simply plant them out, stake them and forget them, you will miss most of the fun.

Gardeners are good at forward thinking, but mainly in the manner of a daydream. They are less good at acting on their vision of a later season, except in winter when there is nothing much except catalogues and evergreens. Everything has woken up wonderfully this year, but do not let its dawn chorus divert you from the dahlia.

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John Macdonald

TRAVEL

Down yonder in New Orleans

Nicholas Woodsworth wonders if he is getting too old to celebrate Mardi Gras in the proper manner

There are certain places which, no matter how often visited, always invite return. New Orleans, that most sensual and evocative of American cities, is one.

I barely noticed the vast, monotonous swamp unfolding before me as I sped the last 80 miles from Baton Rouge to New Orleans. The winding bayous, the water-logged tree stumps, the dense grey wall of oaks and cypresses flashed past almost unremarked. Instead, in my mind's eye, I shuffled pictures of earlier visits to the good-time city on the Mississippi.

I thought of early mornings of strong coffee and sugar-dusted beignets at the Café du Monde in the French Quarter. I remembered a sublimely trumpet on a hot and crowded night at Preservation Hall. I conjured up an unforgettable bowl of artichoke and oyster soup eaten on an elegant wrought-iron balcony on Chartres Street. I flashed up images, not entirely coherent, of a strenuous evening's bar-hopping on Bourbon Street. I recalled the only vaguely - hopping up and down with glass in hand before a trio of small black boys tap-dancing for tips on a sidewalk late at night in Jackson Square.

Such are the clichéd memories every tourist brings home from New Orleans, and they are happy ones. Normally, I feel just the slightest twinge of guilt after the kind of hedonistic, self-indulgent blow-out that New Orleans offers. But this was, after all, I reasoned, a town worth self-indulgence.

New Orleans, the city known as "the Big Easy", was more, however, than a two-week-long celebration of Mardi Gras now and then. Even during the conventions have a good time in New Orleans. I was, I decided, looking forward to it all over again.

But that, in the end, was not the way it worked out. My New Orleans residence on this visit was not the French Quarter - centre of most of the city's partying and the site of previous stays - but the home of my friend Carol Hester. A native Louisianan, Carol is an entertaining, unconventional individual with a fond eye for the follies and eccentricities of her city.

The only inconvenience was that she lived in "uptown" Carrollton, once a riverside plantation on a bend in the Mississippi and far from the action of the "downtown" French Quarter. Between the two was a long, shuddering ride on the St Charles streetcar. This was likely, I thought, to put a crimp in any serious Mardi Gras reveler's schedule.

I ended up, after a day or two, not minding at all. For all its removal from the excitement and carousing I found Carrollton enchanting. I discovered a New Orleans I had never seen before - a relaxed, slow-moving, neighbourhood New Orleans. It was more entertaining than Bourbon Street bars.

Instead of perching myself

on a high bar-stool in a noisy watering hole I found myself ensconced, among potted plants and bits of old furniture, on the front porch of Carol's house.

Like all the buildings on the street, Carol's is an old wooden house gradually being conquered by the years and the depredations of sub-tropical heat and humidity. Outside, plant life ran riot - tree-roots heaved up streets and sidewalks; grass and giant weeds grew higher by the day; blooms of magnolia, camellia, and sweet-olive drugged the air. But nothing man-made stands up to New Orleans's climate for very long. Paint peels. Metal rusts. Walls stain. Foundations rot. Wood warps. Dilapidated but still gracious, New Orleans from Carol's porch was a city under slow, relentless siege



from the elements.

Human beings, too, are subject to such things. Holiday-makers may rush energetically around steamy New Orleans. Locals do not. They slowed down long ago, became philosophical, learned to enjoy talking, eating, drinking, and the simple, sybaritic pleasures of taking it easy. It is what this city is all about.

I gave the little life a try myself and liked it. Languishing about, I got to know Emile Hutchinson, the man next door - a retired black policeman who has seen it all, he will tell tails from dawn to dusk if you let him. I met Shirley, who lives down the street with eight cats, and in the evening likes to walk them on a leash. I chatted long with the post-lady, the most congenial, if not the fastest, mail deliverer I have met.

Even late at night, when its inhabitants had gone to bed, there was the city of New Orleans itself to listen to - from the porch I could hear the noise of locomotives

thumping in the yard by the levy, the faint metallic sound of the St Charles streetcar, the louder wall of fog-horns from barges moving slowly along the Mississippi a stone's-throw away.

Now this, I thought, is the pace life should move at. Finally came the day - a Saturday with a carnival - when I could no longer put off a Mardi Gras outing.

Downtown on Canal Street, the crowds cheered and whistled. The brass marching bands blew their tubas and thumped their drums. From the hands of the costumed men and women on the decorated floats rolling by, thousands of sets of bead necklaces sailed towards clamouring spectators.

From there it got rapidly more frenzied, testosterone-charged and drunken. Bourbon Street filled cheek to cheek with revelers until no one could move. In a form of barter that seems to have become the main attraction of Mardi Gras, carnival beads now became a kind of sexual currency: offer a young woman enough beads and in exchange she will, to the approving howl of the surrounding, gawping, shoving mob, give you a quick look at bits of herself usually kept under wraps.

Am I perhaps getting too old for this kind of thing? After the civilised and leisurely rhythms of Carrollton it all seemed a little much. The drink flowed like water, the packed crowd spilled about like an angry sea, and crazed young men bellowed in a way that reminded me of the fog horns on the Mississippi. After a while I could take it no longer.

Homebound-bound, the cool night air flowing in the window of the St Charles streetcar was a huge relief. I woke next morning to the sound of a choir. Down the road, the black congregation of the Church of Saint Joan of Arc had begun their Sunday morning service, and the music floated out into the still sleeping neighbourhood. It was heaven.

Like the night before, the voices were loud. But they were also vibrant, enthusiastic and joyous in a way no Bourbon Street voices could be. I rose, looking forward to celebrating another day of Mardi Gras from a wooden porch on the river-bend.



Skiing / Arnie Wilson

FT readers hit the Canadian Rockies

Is there such a person as the average FT reader? Assuming there is, could you pick several from the longest airport queue in the world at Heathrow's Terminal 3? That was one of the few tricky tasks I faced when I escorted 10 readers on a skiing trip to the Canadian Rockies.

The group comprised a semi-retired builder, Mike, who dabbles in property, and Kate, his wife; Derek, a retired finance director; a school governor from Chester; and Stephen, the honorary consul to Madagascar. Then there was Simon, a public relations executive with a deadpan sense of humour; Judith, deputy director of the International Labour Office in Mexico City; and Jane, an occupational health consultant and second violin with the Cambridge Philharmonic.

There was also Kevin, chief executive of the McNichols construction company and Maria, his wife; and Tony Crowther, a financial director of a Hudders-

field textile mill, who races vintage cars and is married to Tina, our group leader. After our difficult start at Heathrow, when Air Canada's computer system went down during the check-in procedure, things began to improve.

In Canada we climbed aboard our transit van for the 3½-hour haul from Edmonton to Jasper, our first port of call. By the time we reached Marmot Basin, the group had got to know each other.

Jasper is a pretty little place with a good family skiing area, so it was a useful setting to gauge the group's different levels of skiing and requirements before we moved on to steeper stuff at Lake Louise and Whistler.

Trying to attack the slopes with gusto but reluctant to appear to be showing off, we tackled some of the easier runs such as Sleepy Hollow and Bunny Hop before moving on to Transquilliser, Scene Paradise and some good bump skiing on Exhibition. It has to be said that Jas-

per National Park is rather more spectacular than the ski area: even so, Marmot Basin has five chairlifts, including a high-speed quad chair, and more than 8,000 trails spread across 1,000 acres.

The resort was singularly uncrowded, and our group soon became better acquainted over a buffet at one of the original Jasper Park luxury lodges, once visited by the Queen Mother and King George VI.

Travelling on, we found ourselves in the middle of British Columbia's other famous national park, Banff, as we arrived at the truly magnificent Chateau Lake Louise hotel, set on the shores of a frozen lake fed by no fewer than five spectacular glaciers.

Now this was what the readers had really come for: unashamed luxury and astonishing scenery - the best of the Canadian Rockies.

It was at the newly opened Goat's Eye Mountain, high above Sunshine Village, that

Kevin almost came a cropper. As he gathered momentum down a narrow ridge, and was for some reason unable to turn on a carpet of fresh snow, he baled out just as he was nearing a cliff. But he picked himself up and skied on, as resolutely as

The day spent heli-skiing was the tour highlight and I am sure many will return

ever. Our visit to the Chateau Lake Louise coincided with the sixth International Symposium on Avian Endocrinology, which led to some interesting dinner conversations on topics such as nitrogen excretion in birds and

changes in osmoregulatory hormones.

As for the skiing, Tony, Stephen and Simon turned out to be the most aggressive. Indeed, during a pit-stop for drinks, when I sneaked off alone for a run down Ruby Bowl at Blackcomb, and returned to report it a particularly splendid challenge, they were determined that I should lead them back up Spanky's Staircase, and do it with me. When we held the inevitable FT Readers' Race, Tony and Simon finished in the first three. Modesty forbids my mentioning who was the third person on the winners' rostrum.

Mike was a good skier who tended to stay in the background but really let his hair down when we all went heli-skiing for the day at Panorama. For many of the group this was their first experience of heli-skiing.

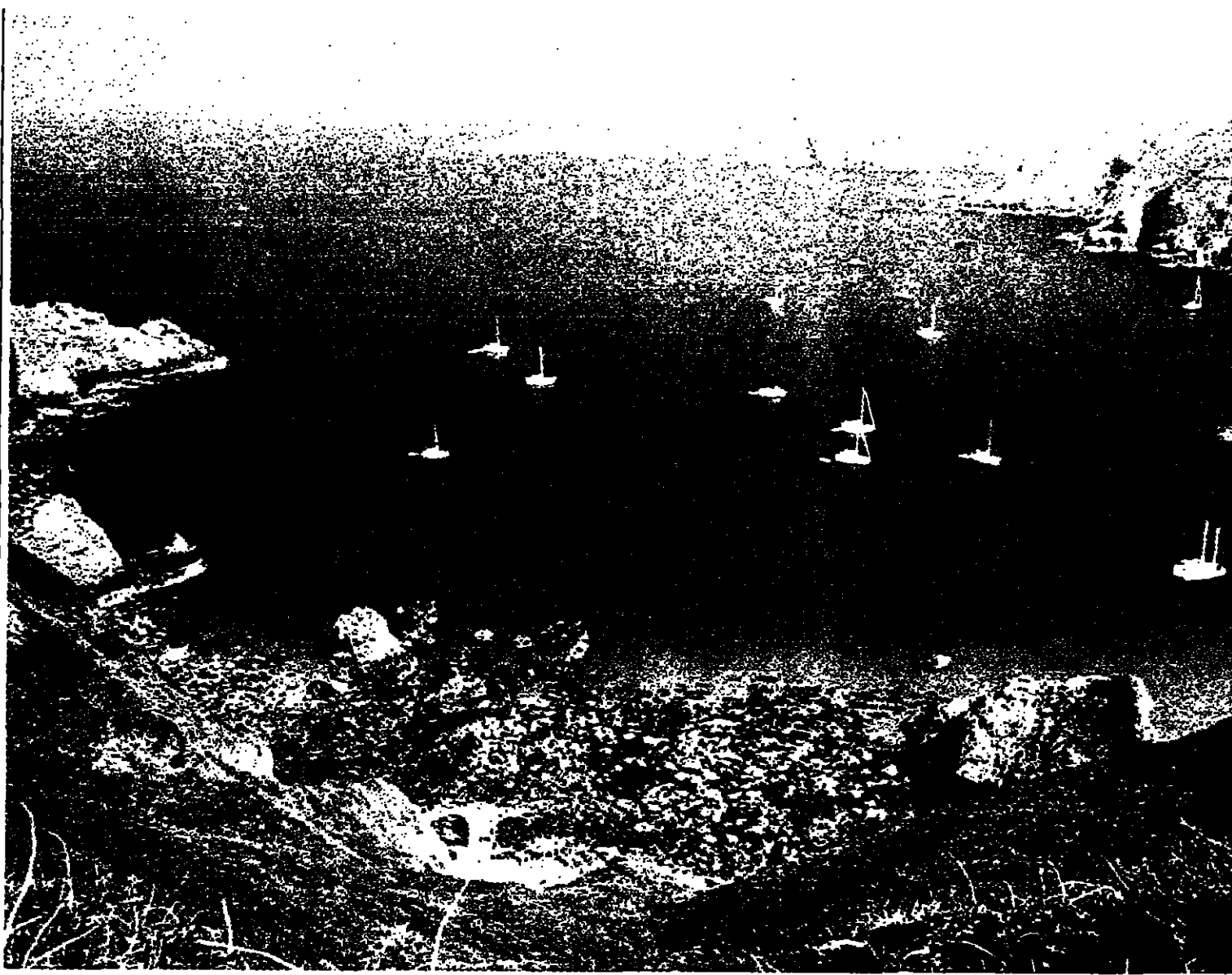
Helped immeasurably by fat skis, the group enjoyed a red-letter day - undoubtedly the highlight of our tour. We bounced and floated our way

down runs like Cauldron, Blockhead and Honeycomb, and looked longingly at others, such as Devil's Glen, Yahoo Canyon, Pink Panther and Horseshoe. Sadly there was not enough time to ski them or the 100 or so other named runs. But I fancy some of the group will return for another such exhilarating outing.

By the end of our trip we were all rather sad to part. But as for what constitutes an average FT reader - I now maintain there is no such thing.

The Financial Times Readers Canadian Ski Holiday was organised by the specialist ski travel agent The Skiers Travel Bureau, 79 Street Lane, Roundhay, Leeds, LS8 1AP. Tel: 0113-266-6876.

The group flew with Air Canada, Radhus Park, Hatton Cross, Middlesex TW14 0NJ. Tel: 0990-247226. R K Heli-ski Panorama, PO Box 855, British Columbia, Canada V0A 1K0. At Whistler the groups stayed at the Chateau Whistler.



Grand Greve Bay, Little Sark: most islanders want to keep Sark the way it is

Angela Wigglesworth

A bastion of feudalism

Angela Wigglesworth visits the picture postcard island of Sark

Swinburne said it was a "small, sweet world of wave-encompassed wonder". Victor Hugo called it the "most beautiful of the Channel Islands". Both were talking about Sark, 3 miles by 1½, the fourth smallest (or fourth largest as the guide books say) of the five Channel Islands.

Part of the Bailiwick of Guernsey, with a population of 560, Sark is the smallest independent state in the Commonwealth, not part of the UK or European Union. It is the last feudal state in the western world with no death duties, no income tax, National Health Service or unemployment benefits. Divorce is recognised but cannot be obtained on the island.

Sark can only be reached by sea: from Guernsey, Jersey, or the ports of Carteret and St Malo. It is an island of high cliffs, valleys and woods, sandy beaches, rock stacks, spectacular caves, and clear clean water. As we came into the harbour, I went to pick up my luggage.

"Don't worry," said one of the crew, "it's being taken to your hotel by tractor." First-time get anxious about this and wonder if they'll ever see their luggage again. Of course they do, but it helps to label it.

The island would be a road protester's idea of heaven. There are no cars - transport is by horse and carriage, bicycle, foot or tractor, and on arrival visitors can use the tractor-driven "bus" the locals call the toast-

leaves, to take them up the steep hill from harbour to village.

We clip-clopped along the sandy lanes in a sleepy way for what began to seem a long time considering the island's size. "This is the long way round to your hotel," said my driver, "because it's a one-way street. You could get there in five minutes on foot across the fields." One-way? Did Sark have a traffic prob-

lem after all? It was Michael Beaumont, Seigneur of Sark, and grandson of the formidable Dame de Sark, who later explained: the horses wait for passengers at the end of Sark's shopping street, and if the animals have been there some time, like to relieve themselves when they move off, which is not so good for shoppers.

After discussion in the Chief Pleas (Sark's parliament), it was decided that between 9am and 5pm tractors would go westwards, and horses eastwards, leaving the shopping area for their return journey when all relieving should have been done in a less busy area.

The short-cut path through the meadows to town was a delight with blue-bells, wild garlic, prim-

roses and pink campions under the trees, cows in the fields.

I passed the island's two-cell prison, the school, and the post office. There is a general store, a chemist, a pottery, perfumery, banks, bicycles for hire, cafés, and a grocery. The jewellery shop is owned by Werner Rang, a former German medical orderly stationed on the island during the second world war. He grew to love it and the affection was reciprocated. When he returned after the war and married Phyllis Baker, a Sarkese girl, he was welcomed and, a few years ago, was awarded the MBE for services to the island.

Most islanders want to keep Sark the way it is, feudal or not. The Chief Pleas meets three times a year and its members include the 40 landowners whose rights go back to the time when Elizabeth I gave Sark to Jerseyman, Helier de Carteret, and ordered him to take 40 men to defend her lands from the French.

Sark is only 20 miles from France and for many years a French *potato* was spoken there: today it is seldom heard but bank transactions are in French, as is the Lord's Prayer with which the Chief Pleas is always opened.

The day I decided to walk south to Little Sark across La Coupee, a narrow isthmus rebuilt by German prisoners of war, it poured with rain. As I struggled along, head down, a horse-drawn carriage pulled up and I was invited to hop in. Many people who come for the day wish they could stay longer. There's George Guille's bird-watching boat trips, caving diving, fishing, sheltered bays, good bathing, an Occupation museum and a model railway. You can stroll around the Seigneurie gardens, watch craftsmen at work, cycle or take a carriage round the island.

The oldest hotel, which has been in the same family for five generations, is the Discart (pronounced "De-car"). Its visitors have included Victor Hugo, Swinburne and Edward VII. There is only one hotel on Little Sark and that is La Sablonnerie, converted from a 400-year-old farmhouse, and a wonderful family hotel. Elizabeth Perree, who owns and runs it, told me about the pretty gardens, about Sark's specialities:

conger eel; traditional bean jars with pigs trotters, beans and onions; ormers; spider crabs; goches (cakes); cream thick enough to stand a spoon in and Mary Nightingale's delicious Dairy Mary ices.

I was told that some people, who can afford to go anywhere in the world, choose to go Sark. It is understandable. It is quiet, friendly, beautiful and crime free.

Angela Wigglesworth stayed at the Discart Hotel (tel: 01481-832015) and travelled to Guernsey on British Airways Express from Gatwick (0345-222111) and by boat with the Isle of Sark Shipping Co (01481-724059).

The States of Guernsey Tourist Board is on 01481-723532.

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TRAVEL



A parrot and its watery grave

Roger Bray at last learns to enjoy a cruise holiday as he sails the Andaman Sea

Somewhere in the Malacca straits,

Harry went to a watery grave. His son, a member of the crew, climbed the main mast to scan the waves. A boat was launched, zig-zagging hither and thither in a vain search.

A woman from New York, who had positioned herself near the bowsprit, thought she spotted something bobbing about on the port side, but it was white, not green.

Propriety suggested I should go into mourning. After all, wasn't it just the previous evening, in the bar, that Harry had clawed his way across my shoulders? And hadn't he demonstrated proper respect by avoiding the temptation, to which he was prone, to take a lump out of my ear?

Sadly, Monty Python has done nothing for the dignity of departed parrots. And, the rescue attempt abandoned, passengers drifted back to the poolside.

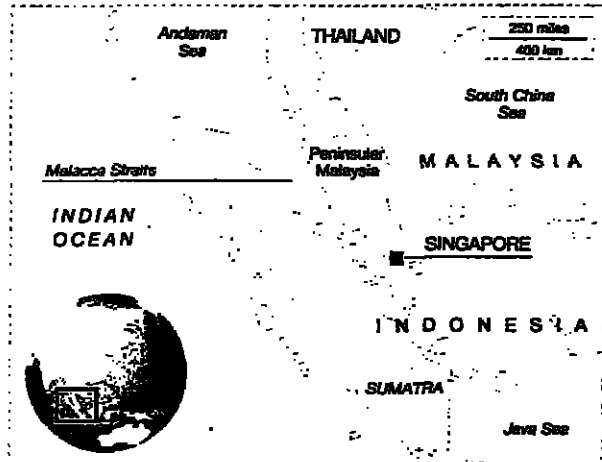
It was left to the crew of Star Flyer to hang a little floral tribute over the door of the ship's library. He'd tried it several times before

but we managed to rescue him," said one. "Whenever he caught sight of a bit of greenery ashore, he'd be off. Heaven knows why."

I am not addicted to cruising. It makes me restless. But one night, as we headed into the Andaman Sea, I had a glimpse of what it could be. In the three days since we left Singapore there had been little wind and the vessel had been driven by its motor.

The humid south-west monsoon was on its way out and the north-east monsoon, with drier winds, was settling in, but the changeover was not complete. Now, at last, it was blowing just hard enough to bother the sails.

Four stay sails had been hoisted - fore, main, mizzen and jigger. There were outer and inner jibs, two top sails and a gallant, like parchment against the stars. We were making no more than



four or five knots but you could hear the ship creak and strain, like a saddled thoroughbred anxious for the off.

I had taken Lord Jim to read. At first, it had seemed entirely inappropriate. The Patna, after all, whose

strange fate shaped Jim's destiny, was a steam ship. That night, however, all those of us who lingered on deck could fancy ourselves

adventurers from distant, oriental ports. It was the first time Star Flyer had cruised in Asiatic waters.

Information

■ One week fly/cruise prices (seven nights on board, one night flying in each direction), including flights by British Airways, start at £1,580 for an inside cabin, starting at £1,905. Top price staterooms with doors opening to deck start at £2,435. Star Flyer is cruising in the Far East until the end of the month and returning in November.

■ Reservations in the UK through Fred Olsen Travel (01473-252222).

wharf, where forklift trucks loaded ships from Panama and Sri Lanka.

She is a handsome vessel, a four-masted, square-rigged barquentine, inspired by the clipper ships which dominated seagoing trade until their speed was belittled by the coming of steam and the opening of the Suez canal.

Mikael Kraft, her Swedish owner and designer, decided that to compromise her elegant lines with a satellite TV dish would be too great a price for cabin entertainment.

So passengers must make do with shipboard transmissions of video movies and a Teletext news service. Just as well, and not just for aesthetic reasons.

The cabins are comfortably appointed and fairly spacious, but who wants to be watching television when they can be out on deck, propping the bar, listening to the Hungarian cocktail

music, where forklift trucks loaded ships from Panama and Sri Lanka.

Games? Well, you may wince, but even sceptics fell in with the rowdy spirit of quiz night, when correct answers won shots of vodka and champagne. You could learn to scuba dive in a tiny pool, completing a course by the end of the cruise, and there was aerobics on deck in the morning, for a handful of passengers desperate to counter the effects of sloth.

Generally, shipboard life is informal, unstructured, and infused with a subtle flavour of anarchy by the presence of crew from 26 countries, among them a Croatian wine waiter and Russian riggers.

Not that Captain Jürgen Mullen-Cyran, 28 years in the German navy, would countenance anarchy when it comes to safety drills. He is a precise, measured man,

with immense experience.

Twice, during my brief spell on board, he gave talks on the history of sailing - one in English, the other in German. He also conducted a bilingual briefing session for passengers, the morning out of Singapore, inviting questions from the audience.

What about pirates, one traveller wanted to know? The Captain reassured him. But only the previous week a gas oil tanker was reported to have been hijacked off the Singapore coast. Piracy was a romantic word, he told me when I pressed him afterwards.

Marauders thereabouts were mostly after valuable cargoes - not passenger ships.

Star Flyer did not even carry arms. In any case, the ship had an instant link with a Malaysian police piracy control centre. No need to carry a knife around between your teeth, then.

All the same, you would have felt happier if Harry had stuck to his perch. It would have been extra insurance.

Like the geese who saved Rome, he might have squawked a timely warning.

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Weekend FT

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Spires and Spirits

A thousand merry
voices singing

Adrian Gardiner starts a new, occasional series on Britain's cathedral cities with a visit to Gloucester.

If you suffer from vertigo, don't do this. Along the roof of the nave, through the belfry, and 269 steps towards Heaven, we emerge on top of the tower of Gloucester cathedral.

Far below the historic city is fringed by England's patchwork fields. The silver ribbon of the river Severn snakes its way to the Bristol Channel. Beyond it we can see the Forest of Dean and the mountains of Wales. Well worth the climb.

Henry VIII, better known for vandalising cathedrals than for creating them, came to Gloucester in 1535 and upgraded St Peter's, an 11th-century Norman abbey built

in the perpendicular style. Its walls have witnessed some of history's most turbulent chapters.

Henry III was crowned there, Edward II was buried there, following his incarceration and brutal murder at nearby Berkeley Castle. The nursery rhyme about Dr Foster is said to be based on his father, Edward I. And after the Restoration Charles II, in a fit of revenge, demolished most of the Roman city walls.

The Romans, around AD100, recognised the strategic importance of the site where Gloucester now stands. It commands the lowest crossing point of the Severn. Later Saxons took

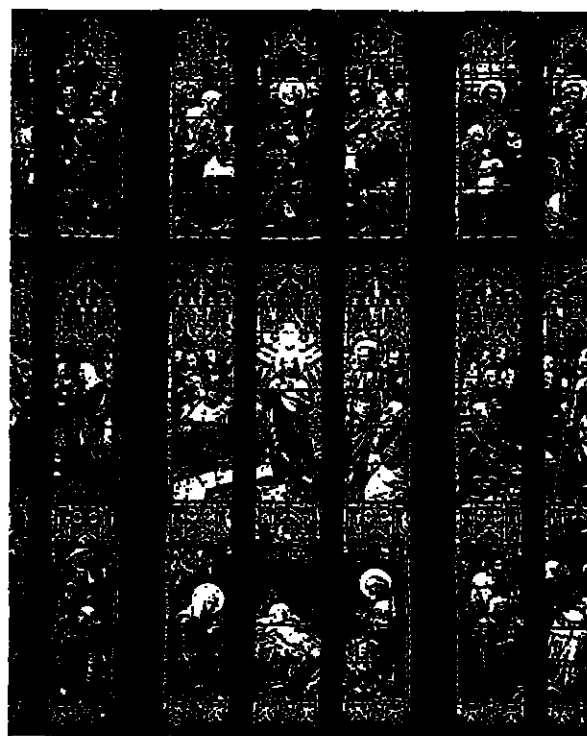
control and Aethelfleda, daughter of Alfred the Great, fortified her capital and laid out the street plan still in

but the street plan still in evidence today - a cross of four streets or gates named from the principal compass points. Even without the massive cathedral tower as a reference point, it is hard to get lost in Gloucester.

Gloucester is a compact city: the numerous tourist attractions are all within walking distance. Some thoughtful tourist board executive has put plaques on the important buildings, giving you their history in a nutshell. There are some delightful pubs and restaurants: the Fountain (William of Orange associations) and

The New Inn. It was new in 1455 and offering hospitality to pilgrims visiting Edward II's tomb.

Prosperity arrived in 1827 when the Gloucester and Berkeley canal opened. Like the cathedral, it took 33 years to construct. Great three-masted ships sailed into the city centre with luxuries from the Americas and the Orient. The canal entrepreneurs of the 18th and 19th centuries were probably the most successful investors of all time. Canals were never cheap to build - an average cost of 53,322 per mile for the first 2,000 miles in Britain. By 1830, speculators were receiving an annual average dividend of



Stained glass in Gloucester Cathedral

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Information

■ Gloucester Cathedral is open every day all year. Guided tours are available but access to the tower is restricted at times: check with the Chapter Office, 17 College Green, Gloucester GL1 2LR (01452-528095).

■ Gloucester Docks:
National Waterways
Museum (01452-318054)
and Museum of
Advertising and Packaging
(01452-302309).

■ Gloucester Tourist Information: The Cross, Gloucester (01452-421186). I stayed in nearby Cheltenham at the charming Hallery House Hotel (01242-578450; fax 529730).

lation, I had to tear myself away to see another equally fascinating part of the docks.

The Robert Opie collection, also known as the Museum of Advertising and Packaging, spans about 70 years. The nostalgia trip includes those Strand cigarettes you were "never alone with", oval tins of Colman's mustard decorated with the Union Jack; packets of Oxydol and Sunlight soap ("Less Labour, Greater Comfort") might be resurrected one day by Conservative party spin doctors; and a fine collection of wartime propaganda posters: "Careless Talk Costs Lives...Hitler will send no warning, so always carry your gas mask."

Gloucester has numerous film and literary connections. *The Onedin Line* was partly shot in the docks and Joanna Trollope's *The Choir* in the cathedral. W E Henley, inspiration for Stevenson's character Long John Silver, lived on Eastgate. On Westgate was the shop of the tailor immortalised by Beatrix Potter in *The Tailor of Gloucester*: "From all the roofs and gables and old wooden houses in Gloucester came a thousand merry voices singing."

they acquired a new role. Half-a-dozen museums and heritage centres now occupy the warehouses.

The National Waterways Museum has the complete history of canals and the navvies who built them. The exhibition extends beyond Llanthony warehouse into the adjoining dock. It is all very hands-on and, eventually, having built a few miles of canal on a computer simu-

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FOOD AND DRINK

A secret that the Swiss want to share

Growers are keen to export their wines, says Jancis Robinson

Daniel Schwarzenbach is a young New Zealand wine-maker. Although he was born in Switzerland, his family emigrated to New Zealand when he was nine and his taste in wine has been formed by that country's bold, almost strident, wine styles, some of the most obviously acid in the world.

His most recent assignment has been to cross hemispheres. Last year he was working at the excellent Fromm winery in New Zealand's South Island. This year he is working at the owner Georg Fromm's original base, the Fromm family wine estate at Malans in eastern Switzerland.

Pity, therefore, the taste buds of this trained oenologist. His palate must be in turmoil. It would be difficult to imagine two less similar styles than the typical Swiss and the typical New Zealand wine.

Oak, a beloved prop in New Zealand wineries, is virtually taboo in Switzerland. And whereas New Zealanders treasure crisp, fruity acidity, even in red wines, Swiss wine drinkers abhor acid. They like their wines to be mellow, soft, gentle.

Swiss winemakers routinely follow the alcoholic fermentation with a second, softening process called mal-

Where to buy it

■ Fromm's La Strada Pinot Noir Reserve 1994, made in New Zealand, was outstanding and is now unavailable, although Lay & Wheeler in Colchester lists some of the regular bottlings.

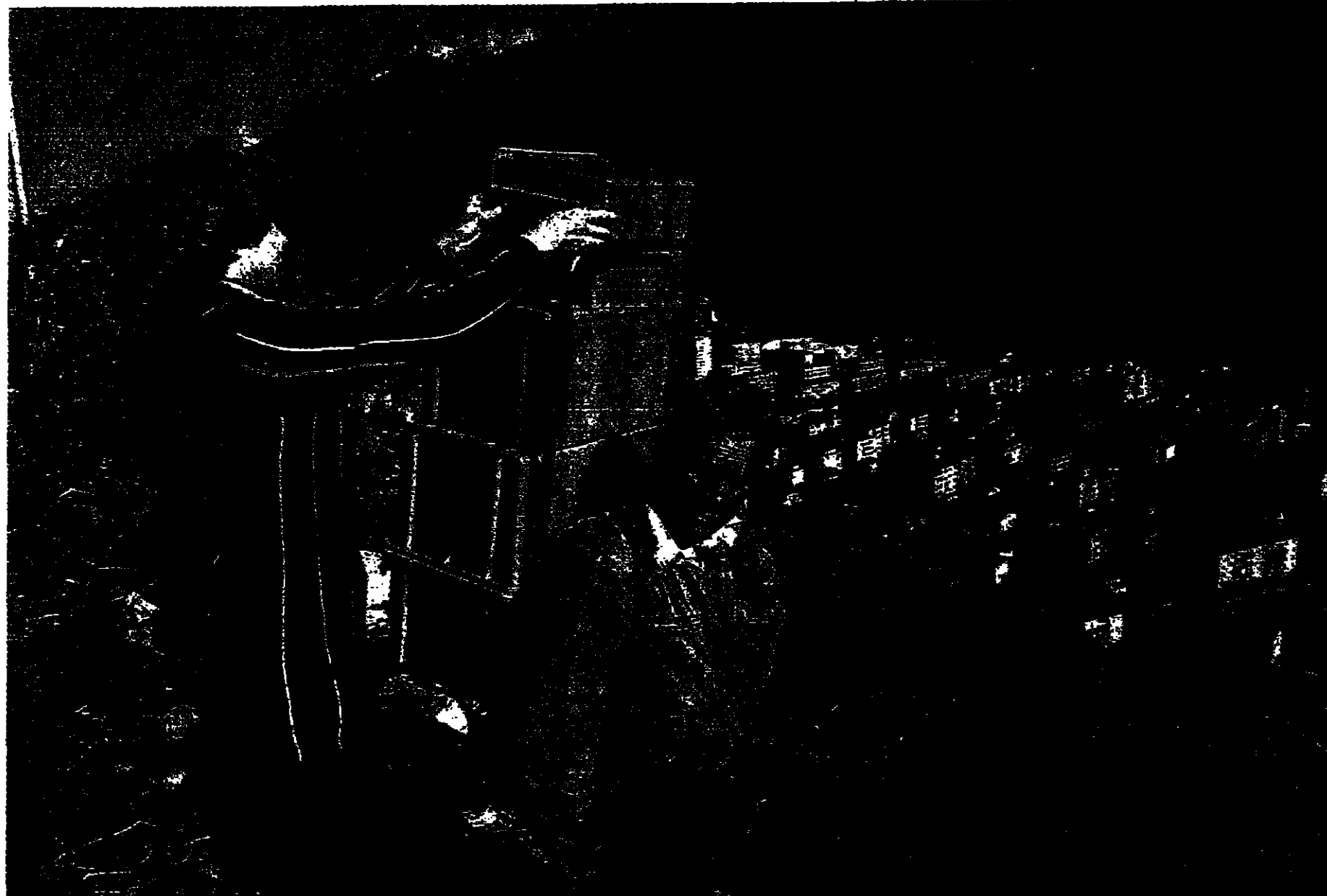
■ Swiss wines are imported by Harrison Vintners of London EC1 and by Setridge, Limited, quantities of Rouvinez's fine wines are available from Tony Goodall on 01494-559400.

■ Further inquiries to Swiss Wine Exporters Association in Lausanne fax (41) 21 312 7482.

olactic fermentation which converts harsh malic acid into soft lactic acid.

This leaves Swiss wines with some of the lowest acidities in Europe. In fact, in the 1980s a German importer returned a large consignment of Swiss wine because it was so low in acid.

I pondered all this on a recent visit to Switzerland to meet some members of the newly active Swiss Wine Exporters Association. Wine exports will never make a big contribution to Switzerland's balance of payments, but Swiss wine growers, who have to a large extent been subsidised at the expense of property developers in a laudable effort to keep the



Bringing home the vintage above Martigny: Swiss wine growers are suddenly having to look for foreign markets

land of milk and money beautiful, are suddenly having to look for foreign markets.

For years they were protected by stiff tariffs and quotas on imported wines, but now that Switzerland is becoming less isolationist, these are steadily disappearing.

The Swiss - who drink more wine per head than anyone other than the French, Italians, Portuguese and Luxembourgers - are used to importing far more red wine than they could possibly produce, but quotas on imported white wine were removed in 1995 and last year imports of foreign

white wines more than doubled. The Swiss, it would seem, are delighted that they are at last able to get their hands on reasonably affordable non-Swiss whites.

As might be expected of such a carefully protected market, supply and demand are way out of balance. The Swiss want to drink more than twice as much red wine as white, but in fact produce much more white wine than red.

The wines they can sell most easily domestically are reds and their most interesting are whites, so the wines they want to export are their more ordinary whites. Yet

the world's wine importers are turning decisively towards reds from whites, and especially away from relatively low-acid, subtle whites with no oak ageing.

Then there is the question of price. Land and labour costs in the Swiss wine industry are among the world's highest. The scale is so small that yields are measured not, as elsewhere in Europe, in terms of hectolitres of must per hectare of vineyard, but in kilos of grapes per square metre.

One has only to look at the terraces carved out of the mountainsides of Vaud and Valais, the two main wine producing cantons, to see why Swiss wine will never

be cheap. Chasselas, the grape planted on 40 per cent of all Swiss vineyard, is what the Swiss Wine Exporters Association would most like to ship out of the country. At its most basic it is unexciting stuff. At its best it demands the sort of attention which, alas, few modern wine drinkers are prepared to invest in an unsoaked dry white wine.

When grown with the utmost care in perfect spots along the northern shore of Lake Geneva and on the higher terraces of the upper Rhône valley (where it is called *Pendant*), it can produce wines of great delicacy and even ageing potential - as Rouvinez's *Pendant de*

Sierre 1995 and Bovard's 1990 *Désaley Médinette* proved. But such wines are likely to sell for a sum much closer to £15 a bottle than £5, which will naturally limit demand.

More immediately appealing to non-Swiss palates are the exotic flavours of the Valais' wine specialties, especially the rich and broad *Amigne* and the versatile *Petite Arvine*.

Humagne Rouge and Cornalin, except that they are red and, therefore, like the best of Ticino's *Merlot* and *Valais' Syrah*, find a ready market in Switzerland itself.

The would-be Swiss wine exporters I met were without exception charming individ-

uals, perhaps precisely because they are still innocents abroad. "Do you write only about Swiss wine?" one of them asked me.

The UK office of the SWEA is offering several co-operatively priced introductory mixed cases, of which the two at £48.80 for six assorted bottles look the best value to me. Details on 0171-987 8117.

For the moment, however, the chief beneficiaries of the Swiss desire to export wine are likely to be the organisers of major international wine exhibitions, where over the next year or so the SWEA will be making sure that its eager presence is felt.

A knack for the right culinary fashion track

Nicholas Lander meets a top US restaurateur

London's reputation as an international restaurant destination has been underlined recently by the number of chefs flying in and out of the capital.

On the day American restaurateur Drew Nieporent arrived to supervise the opening of Nobu, his new restaurant in The Metropolitan Hotel, Hyde Park, Alain Ducasse, after cooking at Monte's, in Chelsea, where he is consulting chef, returned to his Michelin-starred restaurants in Paris and Monaco.

Nieporent is increasing the restaurants in his Myriad Restaurant Group to 11. They include Rubicon in San Francisco and several of Manhattan's most successful restaurants - Montrachet, the Tribeca Grill and Nobu. Nieporent has just returned from Bali where he has been talking to Hyatt about improvements to its hotel restaurants. All this is a considerable achievement given that his first restaurant, Montrachet, only opened in 1985 when he was aged 29.

In spite of his success, Nieporent has managed to retain a sense of perspective not normally associated with Manhattan or today's frenetic restaurant industry. Over lunch he spoke enthusiastically about his next project, a restaurant in Milton's Playhouse, Harlem, which will be partly financed by musician Quincy Jones and film director Spike Lee.

Nieporent possesses a sensitive palate for emerging culinary fashions and fashions. In New York, Montrachet answered the call for top French cooking using American ingredients: Tribeca Grill confidently proclaimed state-of-the-art American cooking while, more recently, Layla brought modern Middle Eastern cooking to the fore. The neglected food of Spain, he feels, may be the subject

of another future venture.

Only Nobu's modern Japanese cooking is replicated within the group. For those fortunate enough to book a table for dinner - it will open for lunch in London at the end of next month - the Omakase menu, which translates as "let the chef loose", offers seven stunning courses for £50. Monkfish liver pâté with sweet miso sauce and caviar; thin slices of turbot with a hot sauce of olive and sesame oils and the blue-fin tuna *sashimi* were exceptional.

Each restaurant is separately financed from different investors, often as many as 24

Nieporent's professional grounding was in the hard school of table waiting in Manhattan. He rose to become restaurant manager at Maxwell's Plum and then at Tavern on the Green, two of the city's busiest establishments. "When I was learning my trade," he explained, "I realised that nobody really took an interest in me. What I have tried to do since then is collect young, smart people and say to them if you want what I have - take it."

"Think and do like I do just do not look like I do," he added, alluding to the weight he has put on.

"The company has sales of more than \$30m and a staff of several hundred and is based on building up a core management, promoting from within and then taking people off to open a new restaurant. To open Nobu in London, I have brought over Nobu Matsuhisa, the head

chef, the top *sushi* chef, the hot food chef and our food purchaser."

To this philosophy Nieporent has added a distinctive opening strategy. "Wherever we open it is always the same. First you open for dinner six days a week and get the service right. Then you open for dinner on the seventh day and then, and only then, do you open for lunch. This way we can train the initial staff - dinner is usually more relaxed than lunch - and they can train the new staff."

Each restaurant is separately financed from different investors, often as many as 24, and Nieporent's close association with Robert de Niro, the actor, since they opened the Tribeca Grill in 1980, has been an added attraction.

Nieporent explained his basic financial criteria. He aims for a food cost of between 28 per cent and 32 per cent of total running costs, a staff cost of no more than 40 per cent and an overall net profit of 10 per cent. London's restaurateurs aim for the same profit level but pay higher food costs and lower wage costs. "An expensive rent is crucial but so, too, is turning the tables and, most importantly, doing this politely. At Nobu we set limits of two or 2½ hours for dinner bookings."

Nieporent has formed definite ideas on how the east and west coasts of the US differ in their eating habits.

"In New York, it is where you sit, in San Francisco it is what you eat. The customers are easier in San Francisco because the city is not overrun with celebrities and they will happily go up to Rubicon's second floor. But I could never get New Yorkers off the ground floor. They pull a face when you tell them their reservation is in the back room at Nobu and only cheer up when they see Lisa Minelli or Mel Gibson sitting there."

He added: "San Francisco



Drew Nieporent: had a professional grounding in the hard school of table waiting

has particular difficulties. The labour pool is much smaller so the hourly rates are higher, yet menu prices have to be lower because Californians are used to inexpensive food. I am not yet sure what London's peculiarities are but I fear it is a shortage of trained staff."

Having reached this size, Myriad is facing problems which may mean the installation of a stronger corporate structure. For the first

time one restaurant, Zepole, is underperforming.

"It is not the food," Nieporent explained. "The New York Times review was very complimentary but unfortunately described it as 'old-fashioned Italian' so it is missing out on the young, fashion-conscious market. I am hoping that press coverage of the party Martin Scorsese held for his mother's cookbook will change that."

Nieporent says: "Running restaurants is a serious business although not as profitable as people think - it is a bit like winning the lottery and not collecting the cash. But it is only a meal and there is always tomorrow to rectify what you did not do right today."

To make the point, before opening Nobu in London, Nieporent held two cocktail parties for 100 London restaurateurs - an unparalleled gesture from a singular, trans-Atlantic restaurateur.

Appetisers

Book prize withheld

The 1996 André Simon award for wine book of the year was to be announced earlier this month but, unhappily, this year's crop of wine books did not yield anything worthy of the main award.

In an impassioned speech to an audience including many publishers and journalists, assessor Jasper Morris, a Master of Wine, urged broader coverage of the wine industry.

The shortlisted wine books were Jim Budd's *Appreciating Fine Wines* (Apple Press, £14.99, 160 pages), Rosemary George's *The Wines of New Zealand* (Faber, £20, 330 pages) and Jancis Robinson's pocket *Guide to Wine Grapes* (Oxford University Press, £9.99, 240 pages).

The André Simon committee is looking forward to a better vintage next year.

Food book of the year fared better and the prize was shared between *Traditional Spanish Cooking* by Janet Mandel (Garnet Publishing, £14.95, 250 pages) and *The Melting Pot - Balkan Food and Cookery* by Maria Kaneva-Johnson (Prospect Books, £19.50, 384 pages), from which Philippa Davenport gives a recipe on the opposite page.

The True History of Chocolate (Thames & Hudson, £16.95, 280 pages) received a special commendation.

Jill James

■ Lay & Wheeler of Colchester (01206-764448) has reduced prices on some red Bordeaux and Languedoc wines. Chateau Borise-Azau 1994 is an aromatic, racy red Corbières, absolutely typical of the higher vineyards of this southern appellation. At £5.80 a bottle, it can already be drunk with great pleasure

whereas another Corbières at the same price, Chais Suzanne 1995, is ambitious enough to be kept until Christmas. It is worth stocking up on southern French 1995 reds as 1996 was a much more difficult vintage. Jancis Robinson

■ If I could have just one chocolate treat for Easter I guess it would be one of Ackermann's eggs (from £12.95). Or maybe the Picasso Truffles (£16.95 for 375g). Or the Champagne truffles (£16.95, 454g). Or the chocolate ricciarelli (£8.95) Or...oh, well, you choose something from



The Chocolate Club, Unit 3, St Pancras Commercial Centre, 63 Pratt Street, London NW1 0BY. Tel: 0171-287 5375, fax 5357.

■ Other chocolateaholics will find satisfaction at Rocco, London SW5 (0171-352 5857), where more than 20 chocolate animals are on sale as well as boxed eggs with truffles. You could also try The Chocolate Society's Shop, at 36 Elizabeth Street, SW1 (0171-259 9222). One of the most expensive creations on sale in London this Easter is the 41in tall chocolate fantasy house that sits proudly in the window of Patisserie Valerie, in Regent Street, which tool pâtissier Igor Bekasert 15 hours to make. He is a reluctant seller even at the asking price of £850. Nicholas Lander

Dub
Giles MacDonogh

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FOOD AND DRINK

Cookery

A traditional meat treat for Easter

Philippa Davenport experiments with different ways of cooking and serving lamb

As Easter approaches my thoughts turn to Paschal lamb, salt marsh or mountain, whether milk-fed, pink, and buttery-baked or so grown-up that it could be hogget.

The Christian custom of serving a whole lamb on Easter Sunday goes back to the days of the early church, when feasts called agapes connected with the Last Supper were held.

Suckling lamb, if you can get it in Britain, is astronomically expensive – and not high on flavour. A handsome joint, rather than a whole creature, will probably suit most families better.

Nothing beats saddle but you need a household of Victorian proportions to do it proper justice. Now that the average household has dropped to two, the most popular choice ought to be rack of lamb, that neat little hunk of meat consisting of six or seven best-end cutlets. The skin should be stripped from the joint and the cutlet bones tidily cleaned. Be wary of butchers who trim the fat too zealously and thus deprive the meat of its protection against drying out during cooking.

I generally stud rack of lamb with a few fine slivers of garlic, spikes of rosemary and supple of salt anchovy fillet. Let it rest for a few hours so flavours are absorbed then paint the joint all over with olive oil, rub the fat with sea salt and pepper and roast in a hot oven – say 220°C (425°F) gas mark 7 – for 20-25 minutes.

Because of the Mediterranean accompaniments I tend to serve with it, I rate rack of lamb as a high summer treat. A Turkish-inspired purée of aubergines, rather than potatoes, and baked red peppers stuffed with cherry tomatoes go well. Also excellent is aubergine diced and sautéed, tossed with strips of seeded and sautéed tomato, black olives, coriander seed and fresh torn basil. That said, there is no reason, of course, why rack of lamb should not be served at this season, partnered by such vegetables as braised leeks or fennel.

For families and for friends, a pair of best-ends can be fashioned into a guard of honour or crown

roast. In theory these are just as delicious as a single rack, of course, but I am afraid I find such presentations a distraction from the business of good eating. Give me a good honest leg of lamb instead.

I still love garlic-studded gigot above all other roasts and regularly celebrate an Anglo-French alliance at my table by serving it in tandem with ever-so-British roast parsnips and redcurrant jelly lightly laced with zest of orange and mint.

In the last year or two I have gone back to some of the lamb recipes I most enjoyed in the 1970s and early 1980s, in particular boiled or poached lamb, which can be a real treat if the meat is of good provenance.



Boiled is an emotive word in English culinary parlance because it has so often meant over-boiled. Poaching sounds kinder and is, indeed, a more accurate description for what should be a gentle process. The flame should be lazily low and the liquid barely trembling so that the meat retains its full flavour and tenderness.

The only slight drawback to poaching lamb is cosmetic. Whereas roast meat boasts an appetising golden brown surface, poached lamb looks a mite grey. Never mind. This is easily overcome by carving in the kitchen and serving the meat, with a generously creamy onion sauce, or a green-flecked ivory coloured one fragrant with capers and parsley.

Poaching shoulder of lamb (as opposed to leg) is relatively new to me but my conversion was swift. The fact that shoulder is difficult to carve neatly under public scrutiny is of no import in these recipes. As for shoulder's reputation for being fatty, the fat melts away in

poaching, leaving meat that is wonderfully tender and sweet. That leaves the indisputable fact that shoulder of lamb is an inexpensive cut. All the more reason, surely, to feast on it joyously this Easter.

POACHED LAMB WITH BARLEY, CAPERS AND PARSLEY

(serves 6)
Home-grown barley is only now regaining recognition in British kitchens after out-cast years during which the grains native to other countries' cuisines were considered classier choices (notably buckwheat, *burghul*, *couscous* and rice in all its guises).

The earthy taste of barley, traditionally used in Scottish broths and stews, goes particularly well with lamb and makes a fine foil for the lively bite of capers and herbs. This dish reheats well.

850g-950g blade-end half shoulder of lamb; 75g-100g pearl barley; 7 leeks no shorter than a 50p piece; 3 carrots; 1 celery stalk; 2 tablespoons capers; a small bunch each of flat leaf parsley and coriander; a small bay leaf; a couple of sprigs of lemon thyme (or common thyme plus a thinly pared curl of lemon peel).

Soak the barley in about 300ml cold water for several hours or overnight.

Skin the lamb and trim away excess fat. Trim the leeks, peel the carrots and de-stem the celery. Choose a flameproof casserole into which the lamb will fit snugly with just enough room to tuck a few vegetables round it.

Measure 750ml water into the casserole and bring to the boil. Add the lamb and bring back to the boil. Skim and reduce heat to minimal. Add one whole leek, one carrot, the celery stalk, a bouquet consisting of parsley stalks, bay leaf and lemon thyme, plus a good seasoning of black pepper and ¼ teaspoon sea salt. Cover and poach very gently indeed (barely a bubble should burp to the surface) for 60-70 minutes, turning the meat once or twice if the liquid does not cover it completely.

Discard the by-now limp and tasteless celery, leek and carrot, squeezing them so that their juices drip back into the pot. Add the rinsed



and drained barley, pushing it into the gaps round the joint. Season with salt, bring back to simmering point, cover and poach for 10 minutes.

Add the remaining leeks, cut into chunks, and simmer for 10 minutes more before adding the rest of the carrots, sliced into thick rounds. Cover again and continue simmering for a further, say, 5 minutes until both grain and vegetables are done to your liking.

Take the joint from the pot and let it rest for a couple of minutes before lifting the meat from the bone and cutting it into chunks. While the lamb rests, chop a generous 2 tablespoons each parsley, coriander and capers;

stir the aromatic greenery into the barley and vegetable thickened broth and leave to infuse over switched off heat.

Stir the chunks of lamb into the pot, reheat gently and check seasoning before serving.

ALBANIAN LAMB AND YOGHURT CASSEROLE

(serves 4)
This national dish of Albania, exquisitely pure and simple, is a lovely antidote to more complex and sophisticated recipes. It comes from *The Melting Pot: Balkan food and cookery* by Maria Kaneva-Johnson. (Prospect Books £19.50), deservedly shortlisted for this year's André Simon Awards.

I like this dish so much that I keep coming back to it. Once, for the sake of convenience I tried cooking it in two stages: poaching the meat ahead and baking it in the yoghurt custard later.

Sadly some of its delicious delicacy was lost in the process. I have stuck rigidly to Kaneva-Johnson's instructions ever since – the fresher the better.

800g blade-end half shoulder of lamb (knuckle-end will give you less meat), trimmed of excess fat; 1 carrot and 1 small parsnip, both peeled and halved; ¼ celeriac, peeled; 1 teaspoon black peppercorns; ¼ teaspoon salt.

For the custard sauce: 2 eggs; 2 tablespoons flour;

200g full-fat strained or thick-set yoghurt (thin, low-fat sour yoghurt will not do); 400ml broth in which the meat was poached (if there is less broth, make it up to this amount with water); ¼ teaspoon salt.

Choose a saucepan of a size just to contain the meat. Pour 500ml water into the empty pan. When it comes to the boil, lower the joint into the water and bring back to the boil, skimming. When the liquid is clear, add the vegetables and peppercorns, cover and poach at the barest simmer for about 1½ hours or until the flesh is ready to fall from the bones. Add salt towards the end of cooking time.

Lift the lamb out, remove

bones and cut the meat into walnut-sized pieces. Reserve the broth and divide the meat equally between four oven-proof bowls.

To make the custard sauce, strain the broth, discarding the vegetables and peppercorns; leave until lukewarm. Beat the eggs in a bowl, then add the rest of the sauce ingredients in sequence, beating after each addition.

Pour the sauce over the meat in the bowls, and bake in an oven at 180°C (350°F) gas mark 4 for 20 minutes or until the custard sets lightly. Avoid longer cooking which will make the custard too firm. Either bring the bowls themselves to table or turn the contents on to hot plates.

Dublin retains its allure

Giles MacDonogh is happy to find that the Irish capital has lost none of its old charm

Dublin is booming. After years of living in an endearing shabby gentility a largely young population is enjoying the fruits of economic take-off. The regeneration of Temple Bar in the centre is a powerful symbol of the city's rebirth: it is Paris's *les Halles*, Berlin's *Scheunenviertel*, London's *Covent Garden* and Clerkenwell, all rolled into one.

Hotels have been slow to muscle in on the new boom, but they are catching up. After the demolition of the much loved old Hibernian, Dublin hotel life focused on the Shelburne on St Stephen's Green. There was the

Horseshoe Bar, where Dublin society gathered on a Friday night before setting off to trawl through the city's restaurants and Leeson Street night clubs. Forte have added a new-wave "Mediterranean" restaurant on Kildare Street and opened a new bar next door, but no one has so far dared to lay a finger on the Horseshoe.

The Shelburne's main rival was and is the Berkeley Court in Ballsbridge. Where the Shelburne has the advantage of being a Victorian palace hotel, the Berkeley Court suffers from its unaesthetic 1970s profile. Once you are inside the

plush lobby things begin to look up and you realise why so many Irish people as well as most foreign diplomats and heads of state prefer to stop at the Berkeley Court.

In December, the Doyle Group appointed Tom O'Connell, previously of the Ritz, in London, to manage the Berkeley Court. Over the next few months we should see a radical overhaul, not least in the kitchens.

I stayed in the Penthouse, the hotel's top suite. After two days I still had trouble finding my way about as I padded from my two bedrooms and marble bathrooms to my drawing room (with grand piano), dining room, kitchen and study. All of them, to be sure, decked out with every imaginable luxury and warmed by peat fires.

The need to regenerate the Berkeley Court has been brought on by the refurbishment of the Clarence and the building of the Merrion hotels. The Clarence is down on the Liffey in Temple Bar, an ideal position to exploit the new Dublin "scene".

The old building used to be a favourite haunt of provincial cattle dealers and priests. The new conception could not be more different: the rooms are now Corran, with reinterpretations and crafts details which may not stand the test of time.

In the Tea Room restaurant (a name still redolent of provincial priests) Michael Martin has created a menu which reflects his London training. There are obvious touches of Nico Ladenis and

Pierre Koffmann, the two three-star chefs he has worked under. In general I enjoyed my meal of fried foie gras with mangoes, and hake with basil-infused mashed potatoes. Only the Irish cheeses were disappointing, which is not the fault of the Clarence.

The Clarence may well be trumped by the Merrion

At Guilbaud's I ate a millefeuille of rabbit and aubergine and parmesan cheese

when it opens in July. Four Georgian houses opposite the seat of government in Upper Merrion Street are being turned into a top hotel which will have an obvious appeal to those who need to put their fingers on the sources of power. The Merrion has also lured in Patrick Guilbaud, the city's top-rated chef, who will desert his current Baggot Street restaurant as soon as the new building is ready.

At Guilbaud's – Dubliners call it "Giblets" – I ate a millefeuille of rabbit and aubergine and parmesan cheese; Dublin Bay prawns in filo pastry with a mango remoulade (clearly there are plenty of mangoes in the

market); and veal sweetbreads coated in truffles: all perfectly executed and served, yet showing a slight reticence towards strong flavours. Disappointing, once again, were the Irish cheeses (the French *vacherin Mont d'Or* was a dream). It is hard to avoid the conclusion that pasteurisation and over-production have between them seriously damaged what was one of Ireland's chief gastronomic claims to fame.

Temple Bar is now the home to a profusion of mostly cheap, lively restaurants (the best would be the Tea Room at the Clarence). I ate at Fizzers Cafe, one of several restaurants of that name in Dublin, where the food is given individual flourishes by the chefs, rather than forcing them to work to a set policy.

Temple Bar's Fizzers was no match for the last one I visited, in the old Royal Dublin Society Building in Ballsbridge, when Eamon O'Connell was cooking there. The calamari had been ignited with chillies and the duck breast with char-grilled vegetables dully conceived. Still the wine list was well chosen and it was cheap. This seems to be frequently the case in Dublin. Duty on wine is high, but restaurant mark-ups are low, which means the price of a bottle in restaurants – even at the posh Clarence – is well below London.

Dublin's revival has even begun to affect some of its most fiercely traditional institutions. The vast Bewley's Cafe in Grafton Street

used to be a famously broad church institution where everyone from tramps to students and teetotal country women repaired to pile their trays with strong tea, coffee and old-fashioned buns or barmbrack. Unlicensed, it was the antithesis of the admittedly seedy Dublin pub.

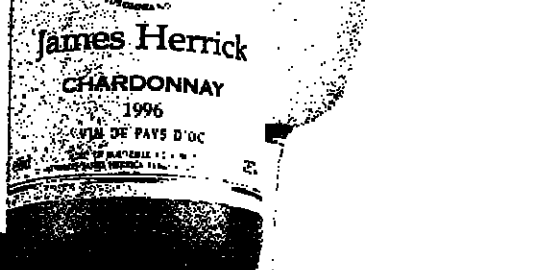
Now this is to change. After a seven-month refit Bewley's is to reopen with a licence and a broader menu. Possibly even better news is that waitresses in starched pinnies are to replace the controversial self-service regimens introduced when Bewley's fell on hard times in 1980s. The changes will doubtless scare off some of Bewley's poorer customers, but the management argues that they cannot afford to continue as they are.

For anyone who has not visited Dublin for a few years, changes of this sort will come as a considerable surprise. An injection of capital into the city has brought the old place back to life. And so far, at least, Dublin has lost none of its old allure.

■ **Information:** Shelburne Hotel 00-35-81-676-6471; The Berkeley Court Hotel (666-1711) is currently offering special deals for the Penthouse: £550 per person (minimum four) for two nights with a chauffeur driven car; The Clarence Hotel (670-7800); The Merrion (608-0600); Patrick Guilbaud (676 4912), menus £230 (lunch), £235, £380 not including wine; Fizzers Cafe (679-0440), £235.

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MOTORING

Buying a Rolls-Royce

The sensible way to own a piece of British history

Steve Cropley finds that second-hand models have a great deal to offer

Every week, about 20 Rolls-Royce and Bentley saloons change hands in the UK. About a third of them are new, driven gleaming from the plush showrooms of Britain's 35 Rolls-Royce dealerships by new owners with pots of disposable cash and a deep desire to own the Best Cars in the World.

The remaining two-thirds are second-hand. They are highly polished, too, but the bigger gleam is likely to be in the eye of their canny buyers. This is because, in the past couple of years, Rolls-Royce and Bentley saloons of a certain age have become surprisingly sensible, practical buys, even against top-end executive cars from Mercedes-Benz, Jaguar, BMW and Lexus.

It was not always so. The company, based in Crewe, Cheshire, hit dangerous waters

30 years ago and has taken its time to recover. The trouble began when it launched its first truly postwar car, the Rolls-Royce Silver Shadow, in 1965. Demand soared and production responded. It soon became apparent, however, that the buyers had changed character.

Traditionalists, of the type inclined to buy a new Rolls every August, were giving way to millionaire pop music stars and footballers with an instinct for "lowering the tone". The old exclusiveness of the marque was tarnished and prices for used cars tumbled as the market struggled to absorb all the "seven-day wonder" Shadows sold by the new breed of owners.

Since then, Rolls-Royce Motor Cars has had to survive near-bankruptcy. There were two Arab oil embargoes in the 1970s and two recessions in the 1980s, both of which had a

drastic effect on sales. Profitability plunged and the situation became serious enough for the company's parent, Vickers, to contemplate selling out to Mercedes or Toyota.

Today, though, Rolls-Royce glows with health. One of the main factors in this recovery is the crucial technical link with BMW which will, in two years' time, help it to launch the first all-new Rolls saloon since Silver Shadow. There has been major re-organisation of factory and workforce. But what counts most to customers is a series of improvements to the cars themselves, which had seemed to be sliding into senility.

Handling, reliability and equipment have been improved. The Bentley has been re-established decisively as the performance option of the pair. And the reputation of the Rolls-Royce for classical luxury

has been rebuilt. The upshot is that a Rolls-Royce or Bentley of five to eight years old is as reliable, as imposing, as slow to depreciate and as well backed by a warranty as the best of its rivals. And more and more owners are recognising it.

Nigel Winchester, managing director of his family's furniture business in the Cotswolds, west of London, has been buying second-hand Rolls-Royces since the beginning of the 1980s. Now in his late 50s, he insists he would not contemplate a change.

"I'm on my sixth used Rolls," he says. "I used to buy BMWs and Mercedes, but there's something special about the way you sit up in a Rolls. The way it cosses you makes the German cars seem very austere by comparison."

"Plenty of my business rivals pay much more for their top-end German cars than I do - because



How a Rolls-Royce holds value: this 1976 Camargue was estimated at £28,000-£33,000 in a recent London auction

they buy them new - and I don't believe they save anything on running costs."

According to used vehicle values published in the car trade guide, *The Book*, the prime Rolls-Royce or Bentley is three to five years old, new enough to have benefited from the recent performance and durability changes, but old enough to be valued well below its new price.

A 1992 K-registration Rolls-Royce Silver Spirit, with 40,000 miles on the clock and which cost a shade under

£100,000 new, would cost around £45,000 now from an accredited Rolls dealer. *The Book's* experts estimate that an owner who kept the car five years, then disposed of it in a private sale, should realise around £25,000.

That would mean his five years of luxury motoring had cost £20,000 - or about the same that the owner of a new Rolls-Royce or Mercedes S800 must budget to lose in depreciation in his first year of ownership.

Many outsiders claim you have

to be a snob to buy a Rolls-Royce, but Winchester denies that. "If you see a snob," he says, "selling your Rolls won't save you. If you're not a snob, people will know it."

"I find most people are interested in my car, not resentful of it. As a matter of fact, I really enjoy the non-aggressive nature of the Rolls, which means you're not inclined to compete with other traffic. My Silver Spirit gets me where I want to go, and fast. But it never races anyone."

Six years on from the great international classic and collectors' car market crash of 1990-91, the wheels have at last been put back on, the bodywork has been straightened and the road to recovery is being taken at an increasing clip.

The occasional bit of wreckage can still be seen: a liquidator approaching an auction house with a long-concealed Ferrari; or the occasional E-Type Jaguar, over-hyped in the late 1980s boom and sold reluctantly by a cash-strapped owner resigned, at last, to receiving much less than before the market veered off the road.

But the XK140 Jaguars - and many other similarly priced classics - which were changing hands for as little as \$35,000 (\$22,000) immediately after the crash are back up to \$85,000-\$75,000, while some less exalted sports cars like the Austin-Healey 3000 are now fetching almost double the \$18,000-\$20,000 level of the crash.

Higher up the market, even auction house principal Robert Brooks could hardly believe his ears at a sale in Geneva earlier this month when Oscar-winning US actor Nicolas Cage bid \$779,500 (nearly \$500,000) for the late Shah of Iran's Lamborghini Miura SVI - more than twice Brooks' estimate.

All this means that, on most classic and collectors' cars, the price tags are pointing up. But can memories of the crash be so short that the market for these vehicles is heading once again for a speculative boom?

"The investment angle is justifiable - but only as the excuse you give to your wife for buying a car you want to drive and enjoy owning," says Brooks, a former Christie's classic car auctioneer.

His own auction house, set up in 1989, is now the biggest international clearing house for the sector. And he is the man who was wielding the gavel when the record price for any car was set: \$8.8m for a Bugatti Royale in 1987.

There is no doubt that the market has regained buoyancy in the UK and is gathering fresh momentum in continental Europe, North America and south-east Asian markets such as Japan, Hong Kong, Singapore, Malaysia and Australia.

This upsurge is reflected both in the proliferation of auctions and the re-entry to the market of wealthy Japanese and others in the booming Asia-Pacific region, buying privately through a well-developed international grapevine.

In the past few years, the total number of sales devoted to the classic and collector car market in the UK - which is, like motor sport, the world hub of the business - has averaged a dozen, spread mainly between the Brooks, Christie's, Sotheby's and Coys houses. This year, at least 40 are scheduled.

Continental Europe, a laggard in the classic car business - only one auction



History in the making... Jean Bugatti and father Ettore with the firm's legendary Royale. One was auctioned for a record \$8.8m in 1987

Classic and Collectors' Cars

Buyers return as the bruises fade

John Griffiths spots signs of recovery from the great prices crash

house, the Paris-based Poulain, has a dedicated cars section - is the focus of increased activity. A couple of years ago, barely half a dozen auctions were staged. This year, 14 are scheduled, with Brooks alone holding six.

The sale at Monaco in the first weekend of May will be one of the biggest of recent years and will form part of the principality's 70th anniversary celebrations. The price that can be fetched by one of its star attractions, Ferrari's late-1950s 250GT "Tour de France" racer, already is the subject of much speculation.

Indeed, Europe's untapped market potential is regarded as so large that Brooks has set up a subsidiary in Geneva. Brooks Europe, to exploit it. The new business is headed by managing director Simon Kudston who is a nephew of Glen Kudston, one of motor racing's legend-

ary "Bentley Boys" of the 1920s. He used to be with Coys and organised that company's own major continental auction, held at Germany's Nurburgring.

Another indicator of reviving interest across the world is the deal (via private treaty) by which Japanese entrepreneur Yoshiyuki Hayashi re-purchased several of the 1930s Alfa Romeo P3 grand prix racing cars he owned until the early 1980s. He is said to have paid more than \$1m each.

Brooks points out, however, that prices in most cases remain well below the lofty heights of the late 1980s. And he believes that increases are likely to be progressive, not explosive. "The activity is back - sales volumes are almost the same as in 1989-90 - but in most cases not the prices," he says.

"Yes, there is upward movement, and that is good

for the market and good for us. But I haven't changed my mind that, this time round, there will be no bubble."

"People do have shortish memories when times come good again. But the falls we witnessed in the crash, for a market that basically has been in existence only since the 1970s, were so dramatic that they will not easily be forgotten."

The crash saw one D-Type Jaguar racing car, which fetched £1.2m in October 1989, re-sold in 1993 for £400,000. Today, its value has recovered, but only to an estimated £500,000.

"Ordinary" Ferraris, with no special history, fell from £200,000-£220,000 to as low as \$35,000-£40,000 and, according to the auction houses, have recovered to only around £50,000.

But cars such as the

Shah's Lamborghini show that high prices can be made where the vehicle concerned has special qualities such as a colourful history, rarity value or originality.

In most cases, though, and viewed from the 1989 market peak, the lesson is clear: "investment" now is just about the last word to describe buying into the collectors' car market, even for those purchasing in its trough. But that, says Brooks, is really how it should be.

He notes that while the market might be big - worth an estimated \$55m, with 7,000 cars auctioned each year in the UK alone - it is not suited to speculators.

"Apart from anything else," he adds, "there is a cost to owning and maintaining such cars which can itself be very expensive. They are not like share certificates which you just lock away in a safe."

Road Test

Put this Galant high on your list

For comfort and reliability, you will go a long way to find a better car, writes Stuart Marshall

If you want comfort, reliability and prestige in an executive class car, there is really no alternative at present to an Audi, BMW, Jaguar or Mercedes-Benz, although the Lexus is pushing hard to get in the frame. But if comfort and reliability are sufficient, the choice widens considerably.

At the top of the shopping list for many a user-chooser who is not too conscious of status - even more so a private buyer's - should be one of the latest Mitsubishi Galant saloons or estates, which reach British showrooms on April 2.

List prices are keen, ranging from £16,995 for a two-litre, four-cylinder manual saloon to £23,725 for a 2.5-litre, V6 automatic estate car with air conditioning, power-adjusted front seats and leather trim.

The new cars make up the eighth generation of Galants in just over 20 years. Although they cost about the same as the cars they have replaced, their equipment is better. They have more safety and security measures, and lower insurance group ratings.

What has not changed is the three-year, unlimited mileage warranty, pioneered by Mitsubishi and still one of the best on offer. A three-year European recovery service is thrown in, too.

Although user-choosers naturally expect their cars to be 100 per cent reliable, at least they know they will not have to pay the cost of the repairs out of their own pockets if there is a breakdown after a couple of years. So, the finding of the latest Lex Survey of Motoring - that Mitsubishi cars are the most reliable in Britain - might be of less importance to user-choosers than to people who buy and run cars with their own money.

Remarkably, the independent survey, which is based on the experience of Lex Vehicle Leasing had with 70,000 cars, found Mitsubishi products to be almost twice as reliable as the prestigious German makes.

The Mitsubishi breakdown rate was 4.23 per cent compared with 7.11 per cent

(BMW) and 7.61 per cent (Mercedes) although, to be fair, many of the BMW and Mercedes breakdown calls probably came from users who had had trouble with the anti-theft systems. And personal experience leads me to suspect it might often have been their own fault, not that of the cars.

I have driven almost every kind of vehicle with four or more wheels without problems, but complicated in-car entertainment systems with microscopic lettering on the knobs, thief alarms and engine immobilisers have more than once reduced me to impotent fury.

Knowing I could have provoked their misbehaviour by pressing the wrong button - or the right one at the wrong

time - did not help. But even the security system of the Galant V6, one of the most user-friendly cars I have encountered, gave me no trouble. And I rapidly mastered the important bits of the in-car entertainment system. (What I really mean is that I managed to lock in BBC radio 2, 3 and 4 and Classic FM and could find them again.)

The last Galant looked rounded and unremarkable; the new one has stronger styling lines and more elegant curves. While not exactly head-turning, it is individual enough not to be mistaken for its class rivals.

In a week of everything from pouring rain to bright sun, wintry cold to a hint of summer to come, I found a Galant V6 automatic the perfect companion. The leather-trimmed seats were yielding but supportive. Rear passengers had ample leg room,

even with tall people in the front seats.

The engine, spirited when accelerating, was silent on the motorway and silky-smooth at all times. Clever electronics controlling the automatic transmission detected and remembered my driving style and fitted the change up points accordingly.

I would not rate the Galant V6 as exciting. But then, I have little time for people who think driving on the public highway is a sporting challenge.

My role model is the Bentley chauffeur hurrying a VIP to Heathrow airport to catch Concorde. He dare not be late but is well aware that any disturbance will incur the great man's displeasure. In this mode, the Galant was pure pleasure.

On coarsely surfaced country roads and some stretches of motorway, the 60 series Bridgestone low-profile tyres could be heard rumbling. I put this down partly to the lack of mechanical and wind noise. In heavy rain, the rumbling was less obvious and their formidable wet grip much appreciated.

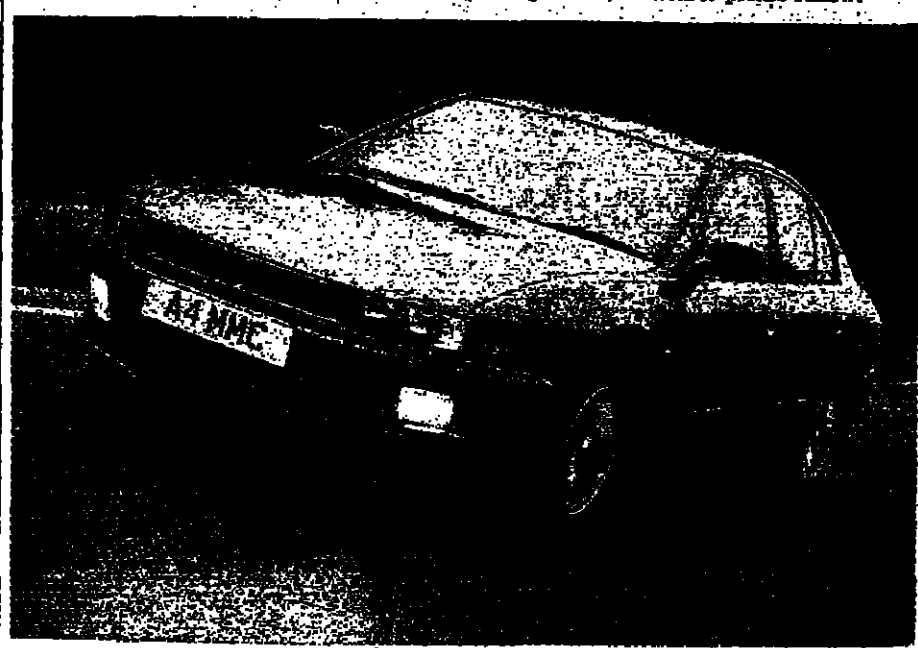
Multi-link suspension with a degree of passive rear-wheel steering has been featured on past Mitsubishi Galants. On this latest model, improved suspension mountings help keep the wheels more nearly vertical when cornering. The tyre treads stay square to the road and handling is always well balanced and secure.

The boot is huge and can be extended, estate car-style, by lowering the 60/40 split rear seat.

Standard equipment throughout the Galant range includes twin airbags (with extra side-impact airbags on the V6), anti-lock brakes, headlamp washers and heated, power-adjusted door mirrors.

A V6 automatic Galant could return up to 31mpg (9.1 l/100km); a manual two-litre model 34mpg (8.3 l/100km). The tank holds 14.1 gallons (64 litres). Both tank filler flap and boot lid are released from the driving seat. Will every other manufacturer please follow?

Mitsubishi's three-year, unlimited mileage warranties are still among the best on offer



The new Galant V6: not a head-turner but individual enough to stand apart from its class rivals

FOR SALE
Grand Cherokee Jeep "P"
(Reg. August 1996)
Colour black. Black leather interior.
Full specification. Tow bar.
Immaculate condition. 13,000 miles.
PRICE: £27,995
OFFICE TELEPHONE NUMBER:
01243 32217

INTERNATIONAL ARTS GUIDE

XIX

What's on in the principal cities

AMSTERDAM

AUCTION

Sotheby's Amsterdam
Tel: 31-20-5502200
● Important Clocks & Watches: sale of timepieces, including gilt bronze French clocks from the 18th and 19th centuries and rare watches from producers such as Rolex, Omega and Hamilton; Mar 25

CONCERT

Concertgebouw
Tel: 31-20-6718345
● Johannespassion: by Bach. Conducted by Hartmut Haenchen and performed by the Netherlands Kamerorkest and Jenaer Madrigalkreis. Soloists include Juliane Banse, Katarina Karnéus, Anthony Rolfe Johnson, Johannes Mannor and Nathan Berg; Mar 26, 27

EXHIBITION

De Nieuwe Kerk
Tel: 31-20-6268168
● Catharina, the Empress and the Arts: exhibition featuring 19 old master paintings from the collection of the Russian Czarina Catharina the Great (1729-1796), including works by Titian, Bordone, Rubens, Hals, Jordans and Rembrandt. Displayed alongside these paintings are other art objects and personal belongings of the Czarina; to Apr 13

ANTWERP

CONCERT

deSingel Tel: 32-3-2483800
● Mass in B Minor: by Bach. Conducted by Sigiswald Kuijken, performed by the Orchestra and Choir of La Feste Barde. Soloists include soprano Greta De Reyghere and Marijke Van Amheim, alto James Bowman, tenor Jean-Paul Fouchécourt and bass Geoff Smits; Mar 24

OPERA

De Vlaamse Opera
Tel: 32-3-2336808
● Tannhäuser: by Wagner. Conducted by Stefan Soltesz, performed by the Vlaamse Opera. Soloists include Gary Lakes, Nina Stemme, Yvonne Naef and Jorma Hynninen; Mar 25, 28

BERLIN

CONCERT

Konzerthaus Berlin
Tel: 49-30-203090
● Johannespassion: by Bach. Conducted by Philippe Herreweghe, performed by the Akademie für Alte Musik Berlin and the RIAS-Kammerchor. Soloists include soprano Sibylla Rubens, alto Ingeborg Danz, tenor Christoph Pregardien and bass Franz-Josef Sellig; Mar 28

OPERA

Deutsche Oper Berlin
Tel: 49-30-3438401
● Der Fliegende Holländer: by Wagner. Conducted by Rafael Frühbeck de Burgos, performed by the Deutsche Oper Berlin. Soloists include Matti Salminen, Julia Varady, Jorma Silvasti and Nadja Michalek; Mar 27

BIRMINGHAM

CONCERT

Symphony Hall
Tel: 44-121-2002000
● Alfred Brendel: the pianist performs works by Beethoven, Liszt, Schumann and Haydn; Mar 23

BRISBANE

EXHIBITION

Queensland Art Gallery
Tel: 61-7-3840-7333
● Molt & Chandon Touring: exhibition 1997: display of paintings, prints, sculpture and photography by the finalists in this year's Molt & Chandon Australian Art Fellowship; to Mar 31

BUDAPEST

FESTIVAL

Budapest Spring Festival
Tel: 36-1-117838
● Budapesti Tavaszi Fesztivál: the year's festival includes performances by the Budapest Festival Orchestra conducted by Iván Fischer, the Szeged Contemporary Ballet, the Hungarian State Opera with baritone Mario di Marco and the Keller Quartet; to Mar 31

CHICAGO

EXHIBITION

Art Institute of Chicago
Tel: 1-312-4433800
● Charles Rennie Mackintosh: billed as the most comprehensive show of Mackintosh's work ever



In Paris is Gustave Courbet's *Proudhon et sa famille en 1853* as part of the Paris-Bruelles/Bruelles-Paris exhibition

mounted, this exhibition features more than 200 objects, including architectural drawings, room settings, furniture, decorative arts, models and watercolours; from Mar 29 to Jun 22

CLEVELAND

EXHIBITION

Cleveland Museum of Art
Tel: 1-216-421-7340
● Fabergé in America: display drawn from 32 American collections and including more than 400 examples of pieces by Peter Carl Fabergé, court jeweller to the last two Russian Czars and best known for his gem-encrusted eggs; to May 11

COLOGNE

OPERA

Kölner Philharmonie
Tel: 49-221-2040820
● Parsifal: by Wagner. Conducted by James Conlon, performed by the Gürzenich-Orchester, the Kölner Philharmoniker and the Opernchor der Bühnen der Stadt Köln. Soloists include Stig Andersen, Renate Behel, Kurt Moll, Harry Peeters, Elke-Wilf Schulte and Zelotes Edmund Toliver; Mar 28

DUBLIN

EXHIBITION

Irish Museum of Modern Art
Tel: 353-1-6718666
● Damien Hirst: the first showing in Ireland of 'Acquired Inability to Escape', a sculpture by the Turner Prize-winning British artist. The work forms part of the Weltkunst Collection of Recent British Art, on long-term loan to the museum; to Aug 30

DUSSELDORF

EXHIBITION

Kunsthalle Düsseldorf
Tel: 49-211-8996240
● Michael Wübel - Der russische Symbolist: retrospective exhibition devoted to the work of the Russian Symbolist artist Michael Wübel (1856-1910). The show features approximately 30 paintings, 150 works on paper and 20 ceramics from Russian collections; to Apr 13

EDINBURGH

EXHIBITION

National Gallery of Scotland
Tel: 44-131-5568921
● Cassiano dal Pozzo's Paper Museum: an exhibition of images from the Museo Cartaceo (Paper Museum), assembled in Rome by the collector and connoisseur Cassiano dal Pozzo (1588-1657); from Mar 27 to Jun 8

GENOA

OPERA

Teatro Carlo Felice
Tel: 39-10-589329
● La Cenerentola: by Rossini. Conducted by Gianluigi Gelmetti and performed by Teatro Carlo Felice. Soloists include Monica Bacelli, Bruno Praticò and Roberto Scotti; from Mar 25 to Apr 8

HAMBURG

EXHIBITION

Museum für Kunst und Gewerbe
Tel: 49-40-24862732
● Das Geheimnis der Mumien - Ewiges Leben am Nil: exhibition focusing on Egyptian mummies, their role and preparation and the ways in which they were a source of inspiration to Europeans from the 17th century onwards. The exhibition also shows how modern research techniques are used to look at the inside of a mummy without destroying the linen wrapping; to Apr 20

HELSINKI

EXHIBITION

Helsinki City Art Museum
Tel: 358-9-1692380

● Frida Kahlo: the first showing of Kahlo's work in Finland, including 150 paintings and 20 drawings and graphic works; to Apr 23

HONG KONG

FILM

Concert Hall, City Hall
Tel: 852-229212888
● The 21st Hong Kong International Film Festival: this year's festival programme includes a tribute to Ismael Bernal, a documentary strand and retrospective of Hong Kong cinema; from Mar 25 to Apr 9

HOUSTON

EXHIBITION

The Menil Collection
Tel: 1-713-525-8400
● Mark Rothko: The Chapel Commission: exhibition marking the 25th anniversary of the commissioning of the Rothko Chapel, a unique assignment that allowed the abstract artist to explore potential interactivity between painting, architecture and natural light; to Mar 30

LEIPZIG

CONCERT

Gewandhaus zu Leipzig
Tel: 49-341-12700
● Johannespassion: by Bach. Conducted by Georg Christoph Biller, performed by the Gewandhausorchester and the Thomanerchor. Soloists include Ruth Holton, Axel Köhler, John Mark Ainsley, Hermann Christian Polster and Peter Harvey; Mar 27, 28

LISBON

EXHIBITION

Modern Art Centre
Tel: 351-1-7935131
● Treasure Island: exhibition showcasing works of British art collected by the Calouste Gulbenkian Foundation since the late 1950s. The display is split into two sections: the first covering the period from the late 1950s to the mid-1960s, the second from the late 1960s to the present day. Artists with work on show include Blake, Hockney, Hodgkin, Riley, Bacon, Cragg, Gormley, Hirst and Hume; to May 4

LONDON

CONCERT

Barbican Hall
Tel: 44-171-6384141
● London Symphony Orchestra: with conductor Seiji Ozawa perform works by Britten, Schumann and Prokofiev; Mar 25

Purcell Room

Tel: 44-171-9604242
● Sarah Poole: performance by the soprano, accompanied by pianist Nigel Clayton, double bass-player David Hayes and drummer Chris Gould. The programme includes works by Garshwin, Porter and Kern; Mar 23

Wigmore Hall

Tel: 44-171-9352141
● Die Schöne Müllerin: by Schubert. Performance by tenor Ben Brügge, accompanied by pianist Julius Drake; Mar 25

EXHIBITION

British Museum
Tel: 44-171-6361555
● Ancient Faces: Mummy Portraits from Roman Egypt: exhibition displaying nearly 200 mummy portraits on wooden panels, linen shrouds and coffin lids made between the 1st and 3rd centuries AD; to Jul 20

OPERA

Royal Opera House - Covent Garden
Tel: 44-171-2122234
● Die Meistersinger von Nürnberg: by Wagner. Conducted by Bernard Haitink, performed by the Royal Opera. Soloists include Nancy Gustafson, Catherine Wyn-Rogers,

Gösta Winbergh and John Tomlinson; Mar 24

LOS ANGELES

EXHIBITION

Los Angeles County Museum of Art
Tel: 1-213-857-6000
● Ediles and Emigrés: 1933-1945: exhibition focusing on the work of 23 painters, sculptors, photographers and architects in exile during the 12 years of Nazi rule. It includes works by Kandinsky, Ernst, Chagall, Gropius and van der Rohe; to May 11

LUXEMBOURG

EXHIBITION

Musée National d'Histoire et d'Art
Tel: 352-4793301
● Cecil Beaton. Portraits d'un esthète: De Marlene Dietrich à Mick Jagger: display of 180 original prints by the photographer who's portrait work was often occupied by fashion, style, beauty and glamour. Subjects include Marlene Dietrich and Greta Garbo; from Mar 27 to May 11

MANNHEIM

EXHIBITION

Städtische Kunsthalle
Tel: 49-621-2936413
● Aristide Maillol - Skulpturen: exhibition devoted to the work of the French sculptor Aristide Maillol, influenced by Rodin and the Impressionists. On display are some 45 sculptures, as well as a number of drawings, prints and book illustrations; to Mar 31

MOSCOW

CONCERT

Tchaikovsky Conservatoire
Tel: 7-095-2297589
● The Russian National Orchestra: with conductor Paavo Järvi perform works by Schumann and Sibelius; Mar 24

NEW YORK

CONCERT

Avery Fisher Hall
Tel: 1-212-875-5030
● New York Philharmonic: with conductor Kurt Masur and pianist Evgeny Kissin perform works by Beethoven and Rimsky-Korsakov; Mar 27, 28, 29

EXHIBITION

The Metropolitan Museum of Art
Tel: 1-212-879-5500
● Giambattista Tiepolo: a monographic exhibition of about 70 paintings by the 18th century Venetian painter. The exhibition, celebrating the 300th anniversary of the artist's birth, covers the full extent of Tiepolo's career with an emphasis on his large-scale canvases; to Apr 27

OPERA

Metropolitan Opera House
Tel: 1-212-362-6000
● Das Rheingold: by Wagner. Conducted by James Levine, performed by the Metropolitan Opera. Soloists include Hong, Schwarz, Svendsen and Langridge; Mar 28

PARIS

CONCERT

La Sorbonne
Tel: 33-1-42 62 71 71
● Missa Solennis: by Liszt. Conducted by Jacques Grimbert, performed by the Orchestre et Chœur de l'Université de Paris-Sorbonne and the Grand Chœur de l'UPFR de Musicologie. Soloists include soprano Anne-Marguerite Werster, mezzo-soprano Liliana Blaneche, tenor Guy Fletcher and baritone Johannes Schmidt; Mar 25, 26

Musée d'Orsay

Tel: 33-1 40 48 48 14
● Chingirion Quartet: with pianist Jeremy Menuhin perform works by d'Indy and Fauré; Mar 27

Wolf-Ferrari, Ravel, Toldra and Rodrigo; Mar 24

EXHIBITION

Galerie Nationales du Grand Palais
Tel: 33-1 44 13 17 17
● Paris-Bruelles/Bruelles-Paris: exhibition focusing on the artistic relation and exchange between Belgium and France from 1848 to 1914. Attention is being paid to visual arts as well as decorative arts, architecture, literature and music, ranging from Realism and Impressionism to Symbolism and Art Nouveau; Mar 21 to Jul 14

PHILADELPHIA

EXHIBITION

Philadelphia Museum of Art
Tel: 1-215-763-8100
● John Sartain 1808-1897: Philadelphia Printmaker: exhibition examining the accomplishments of Sartain with a set of nine prints and drawings selected from the Museum's own collection; to Apr 20

PRAGUE

EXHIBITION

Národní galerie v Praze - National Gallery of Prague
Tel: 420-2-232 93 31
● Surrealist Imagery and Drawing 1930-1996: exhibition surveying the strong Czech history of Surrealism. The display traces the movement from its conception in the 1930s, life under communist rule (when the movement was forced underground) and its present day status. Artists with work on display include Effenberger, Novák, Teige and Medková; to Apr 13

National Gallery - Sternberg Palace

Tel: 420-2-24510594
● Saint With Book: exhibition marking the return to Prague of an important 14th century statue 'Saint With Book', purchased by the National Gallery at an auction in Zurich last year; to Apr 27

REYKJAVIK

EXHIBITION

National Gallery of Iceland
Tel: 354-5621000
● Max Ernst: exhibition focusing on Ernst's sculptural work between 1930-1974. Also on display are a series of photographs taken of the artist by contemporaries including Man Ray, Cartier-Bresson and Penn; to Mar 30

STOCKHOLM

EXHIBITION

Nationalmuseum
Tel: 46-8-6664250
● Masterpieces from Utrecht: display featuring 30 paintings on loan from the Centraal Museum, Utrecht. The works date from the 16th and 17th centuries and include 'Madonna With The Wild Roses' by Jan van Scorel; to May 11

THESSALONIKI

DANCE

Thessaloniki Cultural Capital '97
Tel: 30-31-867860-6
● 2: choreographed by Edouard Lock to music by Shields, Pop, Rameau and others, performed by La La Human Steps, at the State Theatre of Northern Greece; Mar 29

EXHIBITION

Thessaloniki Cultural Capital '97
Tel: 30-31-867860-6
● Joseph Beuys and Fluxus: the first exhibition of work by Beuys mounted in Greece, featuring drawings, plastic works, engravings, objects and installations by the German artist. Alongside this exhibition is another tracing the history of the avant-garde movement Fluxus, a revival of the Dada philosophies. The exhibitions take place at the Macedonian Museum of Contemporary Art; from Mar 26 to Apr 30

THEATRE

Thessaloniki Cultural Capital '97
Tel: 30-31-867860-6
● World Theatre Day: special gala dinner to be held in honour of leading Greek and foreign actors; Mar 27

TOKYO

AUCTION

Tokyo Auction House
● The Beatles Auction: an all-Beats auction taking place simultaneously in Tokyo and, via a special satellite link-up, London. Highlights of the sale include the original Barber's Shop mentioned in the 'Penny Lane' lyrics, Ringo Starr's childhood home at 9 Medlyn Street, Liverpool, Brian Epstein's personal collection of Beatles acetates (comprising of over 30 recordings of unreleased works in progress) and Paul McCartney's presentation Hofner violin bass guitar; Mar 23

CONCERT

Suntory Hall Tel: 81-3-35849999
● Cheryl Studer: the soprano performs works by Schubert, Brahms, Mahler, Strauss and Lahar; Mar 28

VIENNA

OPERA

Volksoper Tel: 43-1-5232776
● Tristan und Isolde: by Wagner. Conducted by Herbert von Karajan and performed by the Volksoper Wien. Soloists include Fritz Hammel, Robert Hauer-Riedl and Anna Franziska Sma; Mar 23

CHESS

Lone Pine, California, used to be the site of one of the most interesting tournaments in the world where grandmasters, US masters and talented juniors competed high up in the Rockies.

Lone Pine has ceased, but American players and organisers valued it so much that the concept has been revived via the US Masters in March and the New York Open in April. In both, you can make an international name in a few days.

Lloyds Bank in August and the ARC Young Masters in spring similarly inspired UK talents, and last weekend's ICI Stockton one-day was a model of how this can be achieved on a shorter time-scale.

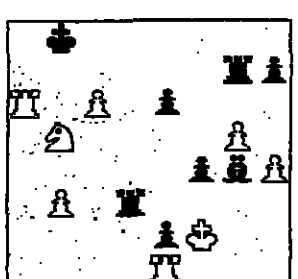
The show stealer was the British under-10 champion Gawain Jones who became the youngest ever to beat an international master. This week's players shared second prize behind world number 10 Adams (Crouch v B Lalle).

1 d4 Nf3 2 Nf3 e6 3 Bg5 Less fashionable than the Tromp 1 d4 and 2 Bg5, this system can lead to a promising attack.

66 4 Bxf6 Qxf6 5 e4 d6 6 Ne3 Nd7 7 Qd2 a6 8 b4 Qd8 9 b4 c5 10 g3 Qe7 11 b5

avoids loss of time. 11 Bb3 b5 12 Rb1 Bc7 13 Ne2 Bb7 14 Nf4 cxd4 15 Nxd4 Ne5? Black should try e5 16 Nd5 Bxd5 17 exd5 exd4, though White has a strong attack. 16 Bxe6 Nxe6 17 Nxe6 fxe6 18 Nxe6 Qc4 19 Nxe7+ Kf7 20 Nf5 Qxa2 21 Qc3 Bc6 22 Nxd6+ Ke6 23 e5 Be7 24 Nxb7 Rbc8 25 Rd6+! Now the BK is fatally exposed. Kf7 26 Qf3+ Ke8 27 e6 Rxc2+ 28 Kxc2 Resigns.

No 1172



Stuart Conquest v Alexei Shirov, Bundesliga 1997. White (to move) against one of the leading grandmasters, the British player continued 1 Re1 Rf3+ 2 Kxe2 Rxb3+ 3 Rd2 Rxb5 4 Ra8+ Kc7 5 Rb8+ Kxc6 6 Rxb7 Bf5 when Shirov held out for a draw. What did they miss?

Solution Page 11

Leonard Barden

BRIDGE

Yet again a singleton king rears its ugly head. Worse still for the beleaguered declarer, the correct line of play would have provided the opportunity for him to see it drop under his ace.

N
♠ 8 8 5 3
♥ 9 8 4
♦ A K 6
♣ K 5 4
W
♠ K 6 2
♥ 9 7 3
♦ J 10 6 3 2
♣ A Q 10 7 6
E
♠ J 4 2
♥ Q J 7 5
♦ 9 7 5
♣ J 4 2
S
♠ A Q 10 7 6
♥ 10 3
♦ Q 10 8 5
♣ A Q

Against South's 4S, West led ♠AK and another. Declarer ruffed, crossed to dummy with A4, and led 34 to his ♠Q, losing to K4. Regaining the lead with A4, he led 94 and, when East followed small, had to decide whether to finesse again or play for

the drop. When he opted for the latter, the defence collected their fourth trick. The declarer could afford one trump loser, but not two. There is, thankfully, a safety play for nine cards missing king and Jack. Here, if spades are 3-2 or East holds AKJ, you are safe; if West holds both K4 and J4, you cannot succeed. But, if West holds a singleton K4, you may lose two tricks. Two avoid this, you lay down A4 and, if K4 falls to fall, you cross to dummy and lead towards your ♠Q10. You may squander an overtrick, but you give yourself a better chance of fulfilling your contract.

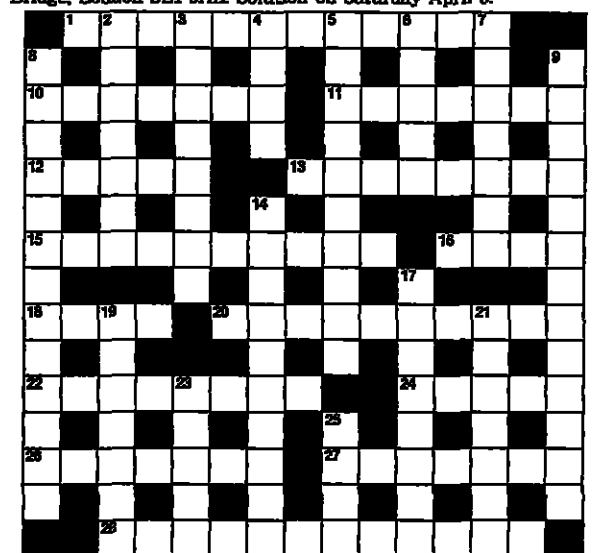
In this case, K4 does fall, so you return to dummy to finesse East for J4, earning you not only your overtrick but, far more significantly, the admiration of your peers.

Paul Mendelson

CROSSWORD

No. 9,331 Set by CINCINNUS

A prize of a classic Pelikan Souvenir 800 fountain pen for the first correct solution opened and five runner-up prizes of 250 Pelikan vouchers. Solutions by Wednesday April 2, marked Crossword 9,331 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 8FL. Solution on Saturday April 5.



Name: _____ Address: _____

ACROSS

- 1 Greek legend of Greek legend? (8,4)
- 10 Again apportion something genuine bought at auction (7)
- 11 Italian food from the centre of Paris is taken by Holy Roman Emperor... (7)
- 12 - Roman tongue the French can provide (5)
- 13 University office for one engaged in study and craft (8)
- 15 Straightforward but not straight forward, we hear (10)
- 16 An employer making sure (4)
- 18 Oil source in Beira, perhaps (4)
- 20 China cap and hat (5,5)
- 22 Divinity making the old fogey drop notes (8)
- 24 Leaders in military uniform fall to impress in civilian dress (5)
- 26 Work hard and help one going west to find snakes (7)
- 27 Design made of strips, strangely tactile (7)
- 28 Lovable prayer - to wish for reincarnation (12)

Solution 9,330

DOWN

- 2 Part of book in church fit to be set before the queen (7)
- 3 Faulty hotel in a comic opera (8)
- 4 An instrument that's plucked the head off one that's blown? (4)
- 5 Rocky dog left for bird (7,3)
- 6 Eastern head turned by German city (13)
- 7 They faster doors in chalets, perhaps (7)
- 8 Rapid growth of airline for top travel (13)
- 9 Ore - it is found in piles of combustible material by a policeman (5,7)
- 14 Lie about mirror material (10)
- 17 Motored round - engineer's first installed device for recording distance (8)
- 19 Where one may buy some food or an endless tangled jigsaw? (3-4)
- 21 Flashy fliers and swimmers (7)
- 23 A girl from the land of Croesus (6)
- 25 Animal about to move freely (4)

Solution 9,319

WINNERS 9,319: M. McLaughlin, Londonderry; R.R. Carter, Southampton; Barbara Foran, London W2; Mrs B.B. Lawrence, Seaford, East Sussex; Mrs D. Russell, Gawsworth, Cheshire; Veronica Staitwood, Cuddesdon, Oxford.

Weekend Investor

Wall Street

Worrying times on the latest frontier

Lisa Bransten recognises ripples of unease among cyberspace's techno-rich

If murmurs in cyberspace are any indication, investors in technology shares are showing signs of worry.

"Is this the end of the bull market? Is it the pause that refreshes? Has it entered a 'trading range'?" asked one investor in a posting on an Internet bulletin board.

There is reason for concern. The technology-rich Nasdaq composite index is more than 9 per cent below the peak it hit in late January - a drop almost big enough to be considered a "correction" by market analysts.

And at least one prominent analyst has warned that the slip in the sector may be just the beginning of a true bear market.

Barton Biggs of Morgan Stanley, the US investment bank, writes that he sees a slowdown in the explosive growth of technology spending as corporate America takes some time to digest its investment in high-tech equipment.

"If demand had been growing at 25 per cent per year and prices have been falling 10 per cent, now demand may grow 10 per cent and prices may fall 15 per cent - not the end of the world, but capable of giving a severe stomach ache," he writes in a note to clients.

In the shorter term, the technology sector has fallen victim to fears of an interest rate increase that have gripped the broader market as well.

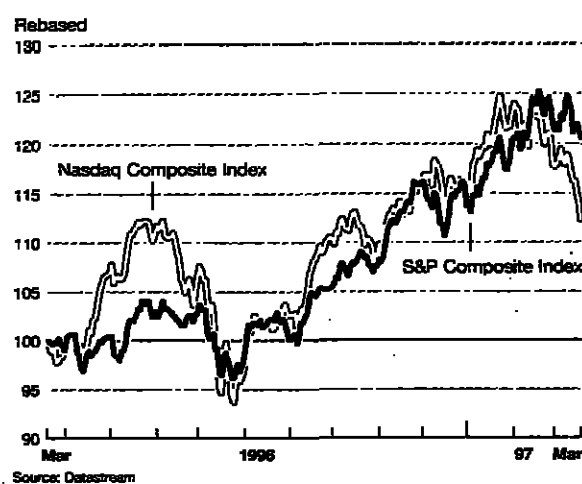
A majority of Wall Street economists now believe that the Federal Reserve will tighten monetary policy at Tuesday's meeting of its Open Market Committee.

Most analysts interpreted Fed chairman Alan Greenspan's repetition on Thursday that the central bank must act pre-emptively to prevent the economy from getting out of control as a warning to the markets of an imminent rate increase.

Worries about tighter monetary policy made for a bumpy week in general with blue chip shares in the Dow Jones Industrial Average off about 2 per cent by noon yesterday, but the index still showed gains for the year.

The Nasdaq, which soared nearly 8 per cent in the first three weeks of the year, has given up all of its early gains

A falling star?



and then some.

By midday yesterday it was off about 2 per cent for the year.

At first the slide in technology shares was limited to smaller companies that had only a small impact on the Nasdaq, which is dominated by industry giants such as Intel and Microsoft.

In mid-February, however, 3Com, a computer networking company said a price war in one of its main product lines would take a bite out of third quarter profits. That provoked a sell-off which has lopped a third of the value off competitor Cisco Systems, the industry leader and the Nasdaq's third largest company.

And Intel, the world's largest semiconductor company and the Nasdaq's biggest company, has fallen victim to concerns that its dominant Pentium II chip may face new competition.

Since the beginning of February, Intel has shed about 19 per cent of its value.

But for some analysts all of this gloom may represent an opportunity to get into one of the fastest growing segments of the US economy at lower prices. The last time there was such pessimism on the technology sector was July of last year when shares sold off on a smattering of profits warnings and fears of an interest rate increase.

After that bump, equities in general and high-tech stocks in particular flew through the rest of the year.

Abby Cohen of Goldman

Sachs thinks there are similarities between then and now. "I always think it's a mistake to think you're looking in a mirror and that everything is going to be identical, but it's a good place to start," she says.

"This time it appears more likely that the Fed will raise rates and shares may not soar at the end of this bout of turbulence, but she says "our basic view is that when this trading range is over the market is going up not down."

Much will depend on the first quarter earnings reports which will start pouring in at the beginning of next month.

Although it is early yet, outside of 3Com, there have been few warnings about weak earnings so far in what has come to be called "the pre-announcement season".

John Ballen, chief equity officer at Massachusetts Financial Services, the mutual fund company, says his company is taking advantage of the downturn in technology shares.

"In our... growth funds we've been adding pretty aggressively in technology," he says. Besides, he says, all of this gloom may be a contrary indicator. "The fact that you're writing this article means we're probably at the bottom."

Dow Jones Ind Average

Monday	8955.48 + 20.02
Tuesday	8996.56 - 36.92
Wednesday	8977.08 - 19.86
Thursday	8820.28 - 57.40
Friday	

London

Shares slide as poll looms

Why? It's Greenspan again, says Philip Coggan

No event can have been anticipated more widely than the calling of a British general election on May 1. By all financial theory, the stock market should have been perfectly prepared for the news. And yet, it has done little but decline since the election date was finally announced (although this is pleasing news to those of us who like to see pundits confounded and the sheer unpredictability of stock markets confirmed).

To be fair, a substantial reason for the UK market's decline has nothing to do with the election itself. Once again, Alan Greenspan, chairman of the US Federal Reserve, has been the prime mover. His remarks (to a congressional committee) that the Fed was concerned about inflationary pressures were seen as a clear signal that US interest rates were likely to rise at the next meeting of the US central

bank's open market committee on March 25.

Low US rates have been one of the most powerful driving forces behind the long world bull market in stocks, and there is a natural worry that a rise in rates would signal a reversal of the trend.

On the domestic front, the sharp fall in unemployment and jump in annual average earnings growth to 5 per cent were good news for the Conservatives' re-election hopes but raised fears about the likely direction of UK interest rates. Until this week, the markets had become more sanguine about the need for substantial post-election rate rises, but the figures raised the spectre that whichever party wins the vote will need to apply the monetary brake.

Stock market historian David Schwartz points out that a succession of rate rises is more common than a one-off move. Of 22 periods

when rates have risen since 1950, 13 involved three rises or more (the UK has had one up move in this cycle already).

One thing can be said for certain - the Conservatives have failed to meet their inflation goal. That was enshrined, some time ago, as the lower half of the 1 to 4 per cent target range by the end of this parliament. When it was prorogued yesterday, the latest figures (published on Thursday) showed that underlying inflation, excluding mortgage interest payments, was 2.7 per cent - in the upper half of the range.

Still, the stock market can be pleased with its progress under the outgoing administration led by prime minister John Major. As of Thursday, the FTSE All-Share index had risen by 79 per cent over the life of the parliament.

The key event was the exit from the exchange rate mechanism on September 16



Black Wednesday: the turning point for the stock market

1992. This allowed interest rates to fall sharply, eased the pressure on exporters, and failed to produce the sort of inflationary surge that followed previous sterling devaluations.

The market had a setback in 1994 (along with much of the world) amid fears of a rise in inflation, but resumed its merry upward path in 1995 and 1996. How, though, will it fare under a new government? Broadly speaking, there are three possibilities: a decent Labour majority, a narrow Labour win or a hung parliament and a surprise Conservative victory.

Bob Semple, UK strategist at NatWest Securities, says that the lead-up to, and aftermath of, a Labour victory should be a turbulent period for the markets. "Investors will be nervous until the Budget. What will they do to the corporate sector on tax? We believe, however, that New Labour really is new and that any short-term post-election uncertainty will be a buying opportunity," says Semple.

Robert Buckland, UK equity strategist at HSBC James Capel, feels a Labour win would be better for sterling and gilts than for equities. Hopes that Labour would look more favourably on economic and monetary union would buoy up the pound and keep the pressure on overseas earners, he believes.

Semple says a hung parliament, or the possibility of one, would be the worst pos-

sible outcome. Buckland thinks a slim Labour majority would give the left wing more leverage over Labour leader Tony Blair, and would be negative for gilts, equities and sterling.

A Lib-Lab pact would be good news for the utilities. Buckland adds, since Paddy Ashdown's Liberal Democrats do not favour the windfall tax that Labour is proposing. But both feel a Tory victory would result in a switchback market.

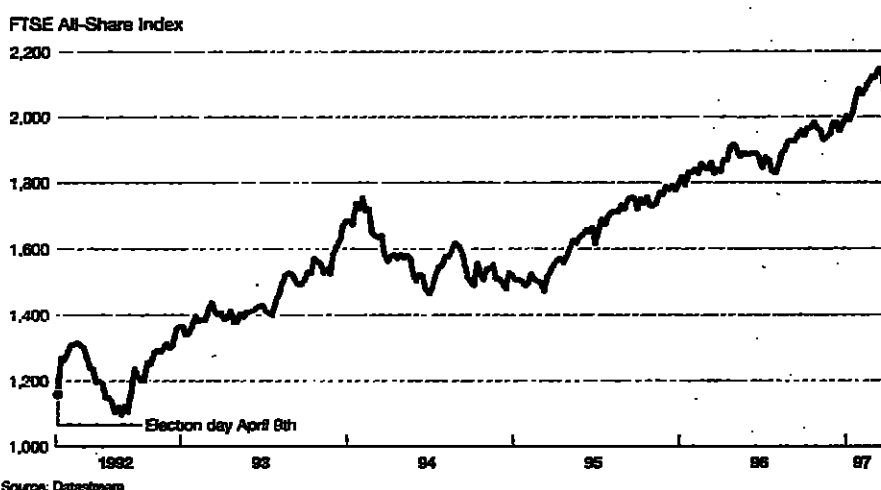
First, as the Conservatives rose in the opinion polls, the stock market would fear the uncertainty of a hung parliament and sell off. Then, says Semple, there would be a knee-jerk reaction and "the market would blaze away as it did in 1992".

Buckland points out that utilities, spared the windfall tax, would be particular beneficiaries of a Conservative victory.

At this early stage of the campaign, the market's collective wisdom, as suggested by the spread betting at IG index, puts the likely Labour majority at between 91 and 101 seats. That is considerably lower than the opinion polls suggest, but would still require a very high swing by historical standards.

Buckland emphasises, however, that people should not get too carried away by domestic politics because the big decisions are being made outside the UK. He warns: "I would much rather know what Alan Greenspan's policy will be in 12 months' time than what Gordon Brown [Britain's shadow chancellor] will be doing."

The market under the Tories



Highlights of the week

	Price y/day	Change on week	52 week High	52 week Low	
FTSE 100 Index	4254.8	-169.5	4444.3	3612.6	Interest rate rise fears
BLP Group	157 1/2	+50	160	85	Well-received figures
Berleys	102 1/4	-84	1226	715	Buy-back ends
General Accident	784 1/4	-63	876	613	New Jersey franchise threat
Guinness	507 1/2	+20	508 1/2	424	Better than expected results
Haydon Group	128	+44 1/2	128 1/2	67	Agreed bid from Charter
Hovory & Sims	230 1/2	-21 1/2	288	224	Loss of account
P & O Delf	633 1/2	-32 1/2	682	471	Disappointing Nedlloyd figures
Pace Micro Tech	78 1/2	-15 1/2	242 1/2	78	Recent profits warning
PizzaExpress	767 1/2	+101 1/2	820 1/2	216	Positive sentiment
Scotia Holdings	380	-65	808	382 1/2	Diabetes drug worries
Stagecoach	679	-53 1/2	801	337 1/2	Regulatory concerns
Wek Group	242	+22	273 1/2	203 1/2	Good results
Wilson (Controls)	165	-30	190	147	Good results & special dividend
Xenova Group	385	+30	435	192	Collaboration deal with Zeneca

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Tony Jackson

Some buyback myths

The idea is being flogged to exhaustion



As everyone knows, stock buybacks are a Good Thing. They lift the individual share price, provide liquidity to the market and show management confidence. So, consider the following.

Last week, Iceland, the struggling UK food retailer, announced a plan to cancel almost 40 per cent of its stock at a 20 per cent premium to the market. Its shares went up just 9 per cent. Two weeks before, Barclays tried a £300m buyback, and managed only a third of it. Despite the hiccup, the shares rose 5p on the day.

What we have here, it seems, is yet another investment idea being flogged to exhaustion. There is supporting evidence from Wall Street.

According to Lehman Brothers, share buybacks proposed by US companies last year totalled \$159bn, double the year before. The total of shares actually bought halved to \$14bn, or just 9 per cent of that figure.

To be charitable, some of this might result from timing differences. Less charitably, companies have grasped the fact that even the promise of a buyback pushes the share price up. So why not settle for the promise without the expense?

Now, I do not want to seem hostile to buybacks. In principle, the recycling of capital is an essential component of a healthy economy. Young growing companies typically retain all their profits, since they can make a higher return on the money than shareholders can.

The logical corollary is that, as they mature, they should return that stored-up value to shareholders for re-investment in the next generation of companies. The reality, of course, can be quite different. Even in these days of investor capitalism, mature companies too often carry on investing even as their returns drop below the cost of capital.

At worst, they will make

acquisitions, thus passing on their stored-up value to other shareholders altogether.

In theory, then, buybacks are a virtuous means of making surplus cash available to start-up companies. It seems encouraging, therefore, that initial public offers (IPOs) are running at a high level.

But they are not always what they seem. Last year brought the biggest ever IPOs in both the US and Europe. The former was Lucent Technologies, the manufacturing division of AT&T. The proceeds went to AT&T itself, which was founded a century ago. The European record-breaker was Deutsche Telekom - also no spring chicken - and the money went to the German Treasury.

This might seem like carping. Such details apart, it seems intuitively obvious that buybacks help the market in two ways. First, they raise the price

of the stock in question since, the fewer the shares left in issue, the higher the earnings per share. Second, they release liquidity into the market, thus pushing up equities as a class.

Sadly, neither proposition is necessarily true. Let us take them one at a time. Cash distributions, as the Nobel laureates Modigliani and Miller argued decades ago, cannot by themselves increase the price of

a share. It all depends on where the cash came from, and the uses to which it would otherwise have been put. Suppose, to take an extreme example, a company buys back half its equity, borrowing all the cash to do so. Earnings per share will shoot up; but, because of the rise in debt, so will the risk attached to those earnings.

Leaving aside possible tax advantages, financial theory says these two effects will cancel each other out. So, if the shares were worth £5 each at the outset, they would stay at that price after the buyback. At a purely theoretical level - again, forgetting tax breaks - the company could carry on buying until only one share remained in issue, and it would still be worth only £5.

Of course, this is not the whole story. Buybacks are also an important way for companies to convey signals to the market.

But the signals can be ambiguous. It could be that the board has decided, on the basis of inside information, that the shares are undervalued. Conversely, it might have run out of ideas for investment.

If the latter, it might still try to convince the market it means the former. Across the corporate sector as a whole, the real message might turn out no better than neutral.

Now to the impact of liquidity on the market. Certainly, buybacks raise the level of liquidity among investors overall. But, in the absence of new share issues or cash calls, that money cannot be re-invested in the market.

To illustrate this, let us again take an extreme example. Say the market consists of just two investors, you and me: and two stocks, A and B, which we both hold in equal proportions. B then decides to buy back half its shares, landing both of us with lumps of cash.

If this suits me less than it does you, I might buy some of your shares, thus pushing up the market. But liquidity has not been reduced, merely transferred from me to you. It can go down only if we invest it in other asset classes, in which case it is not available to push up equities.

None of this amounts to a criticism. Taken overall, buybacks are economically useful. They have the advantage of being an offer you can refuse. But if we ever reach the point where buybacks are the main justification for the level of the market, take the money and run.

Offshore managed funds and UK managed funds are listed in Section One

FT WEEKEND

Metropolis

The dinosaur that is still never knowingly undersold

Nigel Spivey meets Stuart Hampson, chairman of the John Lewis Partnership, one of Britain's best loved shop chains

There is a dinosaur in the corner of London's Sloane Square. Its name is Peter Jones. It is a prime example of that antediluvian retail breed, the huge downtown department store.

Analysts have confidently forecast the extinction of the species. But there it is. And heaving. The home of the slogan, "Never Knowingly Undersold", Peter Jones is surely the best-loved relic among its many sibling monsters in the nationwide John Lewis Partnership. It seemed a natural place of rendezvous with Stuart Hampson, its chairman.

I found him in cut glass and china. Talking shop, with a partner. How well he knows his Irish crystal is open to speculation. But his first priming for managerial responsibility in the partnership was in the Oxford Street branch, selling pyjamas.

Peter Jones was a modest drapery business in 1908, when the first John Lewis strolled down to Sloane Square with £30,000 cash in his pocket and snapped it up.

"Yes," Hampson said, "we are dinosaurs when it comes to size - 25,000 square metres are needed for one of our stores. That's colossal, when you're looking at city centre sites. But once we're established, we're much more flexible than most high street outlets."

"Think of those shops built on the whims of fashion, like the Filofax. They're over-committed as premises. We, by contrast, can simply spot the trend, and make a space in our stationary department, or whatever. When the trend evaporates, we just move things about again."

So how did these predictions of department-store demise come about?

"I suppose," said Hampson, "that everyone swallowed the doughnut concept. You know - seeing he was not with a doughnut concealer here, let alone a swallower - the policy of ringing a city with big stores and shopping malls in the suburbs. Fine for the States, perhaps. Though Bloomingdales and so on aren't doing too badly over there. But we've realised, and our secretary of state has realised, that inner cities are for keeping."

"And to stay vibrant, they've got to have first-class shopping facilities. Places where people can count on getting the range and quality they need."

He can afford to sound cheerful. The 23 department stores in the John Lewis chain, along with its Waitrose supermarkets, reported record profits last year - the bustling waitresses

were possibly forcing extra smile rations in the presence of the chairman, but equally they may have been happy in the knowledge that their share in the profits amounted to eight

The dowagers of Chelsea like to find things as they left them

weeks' extra pay.

And the customers, Hampson explained, have a nostalgia factor in their shopping habits. For all that the store may accommodate current vogues, the dowagers of Chelsea like to find

things in Peter Jones as they left them.

The chairman glanced around in our vicinity was a superb quartet of ladies in leopard-skin berets and suchlike. He lowered his voice.

"Some women," he confided, "come here every day. Every day - to pick up this and that. We bide us if we haven't got it in stock. In that sense we do appeal to the conservative instinct."

"Which is odd," he added. "For we really are a revolutionary lot. We're more communist in practice than the Bolsheviks ever were."

Dissonant as this sounds from a graciously mannered former Oxford carman, and erstwhile civil servant, it is perfectly true. The store's 1928 constitution irrevocably commits the partnership to a deep distrust of conventional capitalism and the stock

exchange. Given the success of the ideology - more indebted to Robert Owen than Karl Marx - admittedly - why didn't more companies follow suit?

"John Spedan Lewis [the firm's founder] thought they would. He died a disappointed man. He believed business had a civic duty to share profits as we do. One or two companies have taken our model. But really we're quite a well-kept secret."

"But how long can you hang on like this?" I asked. "The practice of closing the regional stores on a Monday, for instance? Let alone refusing to open on a Sunday?"

Hampson gestured with easy pride. "Now you won't get staff of quality to work all the hours. God sends. What we don't have here is anyone who's an Only-or. You know the 'I'm-only-the-guy-that-buffs-the-bumpers' line. The

partners - and there's about 35,000 of them - all pull their weight. And so benefit not only from the profits they make, but job security - even sabbaticals, holidays, after long service. Of course Internet shopping is imminent. But we think customers will still want the personal expertise we offer."

So it seems, from the balance sheet and dinosaurs heaving in and down the country. I paid a meal bill that lived up to the John Lewis promise, and thanked the chairman for his time. After all, I pointed out, he did not really need to do this sort of public relations exercise.

"Indeed. And you can't imagine how pleasant it is, not to have City scrutineers always breathing down our necks. But we are trying to shed our 'Trappist' tendencies. We're rather good news, aren't we?"



Reinhard Behrens often paints Pittenweem harbour with postcard clarity, and with an idiosyncratic submarine

Arcadia

Artists and fishermen net a fine harvest

The balance between tradition and a painters' colony in Pittenweem is delicately maintained, reports John Lloyd

The fishing village of Pittenweem, on the north-east tip of Fife, has, for some reason, become a centre of art. So many painters have moved in or nearby that it supports a festival of exhibitions. It is also a model of how men and women of bohemian habit and creative temperament can live peacefully in a community which, for centuries, has made its living from the sea, cleaved to stern faiths and looked on outsiders with suspicion.

The model is not one of two differing sets of people embracing each other - it is more of how the two treat each other with enough respect to make living together possible.

The village, some 75 miles north of Edinburgh, is small and its August festival has a serene, dignified, ramshackle quality which is a large part of its attraction.

Joyce Laing, who set up the festival 15 years ago and is herself a painter, says that the budget rarely exceeds £2,000. It began because Laing, who wanted to do something for the Royal National Lifeboat Institution - the most popular charity in the East Fife fishing communities - had the idea of mounting an exhibition of old photographs of the area. When a card in the newspaper's window produced 400 pictures and the exhibition was a success, she thought: "We can do more than this."

It has grown, but slowly. Laing and the others concerned with the festival have an acute sense of the relationship they have with the rest of the community - the village itself, whose living core remains, as it has been for centuries, the men who go out at dawn or before into the Firth of Forth and up to the North Sea to catch fish.

They have radar and echo sounders now, and powerful diesel engines and electric winches, and subsidies and unemployment benefit. But fishing is still physically hard and unpredictably dangerous, and the area's culture is strong, transmitted above all by the wives of men who are away from the town much of the time and often asleep when at home.

It is not at all a phillistine cul-

ture: there is a respect for learning and professional attainment. But it has a sceptical eye for those who make their living by it, seems, doing not very much.

Thus, when a venture of this sort is launched, the connections between it and the fishing culture are tentative and delicate. Laing says that an official of Scottish Enterprise, who had become keen on the festival some years ago, had suggested "doing an Aldeburgh" (after the Benjamin Britten-inspired music festival) and elevating the event to guide-book status. The committee which runs the event shied away, it had to be kept to a scale commensurate with the size of the town, and the artists' place in it.

But that place is a place apart. Reinhard Behrens, the German artist who did postgraduate work at Edinburgh Art College and stayed on, fascinated by the beauty, and because "it was the most northern country whose language I could understand", has found "nothing but friendliness". He says: "Artists love to live in a community away from the crowd. But they don't relate to it; they want to be alone, to work."

Behrens' reputation, and that of his wife, Margaret Smyth, has grown since they came to Pittenweem a decade ago. Their white house sits above the harbour, with a view of the Firth of Forth; they paint in separate studios. He has done a long series of paintings featuring a yellow subma-

rine, a battered toy he found on the shore of the Baltic more than 20 years ago.

He puts it in exotic, 19th century locations: in canvases copied from the great masters; and in Pittenweem harbour, reproduced with postcard clarity. These are held together by a concept he calls Nabobland - "not so much my own dream country but the shared associations that are stirred up in everybody who looks at my work".

A Celtic theme is planned with a ceilidh band, gaelic poetry and something to burn

Smyth is now painting a series inspired by a period in Tuscany, with puppets placed against olive groves, or the towers of San Gimignano.

Another couple, Ewen and Isabel McAslan, whose house is on the harbour itself, paint the texture of the little port, transforming it into shapes and associations without losing the integrity of the original - stones in the old piers and walls picked out with

exaggerated fidelity (Isobel), or the "skellies", ridges of rock running down from the land into the sea like skeletal fingers grasping the retreating tide (Ewen).

Trained at Glasgow Art School, they taught for nearly three decades in Canada. They found East Fife during a sabbatical in the 1970s, and Pittenweem after retirement in 1994. The light attracted and the restored 16th century house in which they live came on to the market at the right time.

"We both paint what we see," says Isabel. "And here I found there was such a feast of things that we kept saying - look at this, look at that. The light here is extraordinary. It's muted, but it glows." Says Ewen: "I had always painted landscapes. Here, the skellies hit some sort of spot: a gloomy magnificence which continues to engage me."

It is in large part chance that Pittenweem has become the artistic centre it is. John McGhie, whose sentimental but evocative paintings of "fisher lassies" were hugely popular at the turn of the century, lived and worked there.

The contemporary Scots painter Neil Dallas Brown moved there in the 1980s, then moved on to the next village, Anstruther. Tim Cockburn, who runs the Edinburgh Printmakers company, has a house there; others live nearby, or bring their work in to be shown at the festival. Most live by art. There is no such thing as an "East Fife School",

but there is some practical assistance with paints, canvases, passing on of exhibitions.

Laing remains at the centre of the organisation. She is naturally innovative: she became interested in the links between art and illness, both mental and physical; she began as a "cultural visitor" to tubercular patients in the north-east, getting them to paint and finding that their dark canvases portrayed an obsession with blood.

Having trained as a psychiatrist, she became an "art therapist" in the special unit in Barlinnie High security prison, where she taught violent men - the most famous was Jimmy Boyle, now a prosperous businessman - how to paint and sculpt. "They thought I was a spy from the Scottish Office at first," she says.

"Then one day, when I was not there, Boyle made a sculpture from the clay I had left. He was the natural leader once that was done, the rest followed. There was an exhibition of his work last year at the Edinburgh Festival."

A festival with a Celtic theme is planned for this year. There will be a ceilidh band, gaelic poetry and, possibly, lectures on King Arthur. But there will also be a rhythm and blues band, an orchestral group playing viols, fireworks and games for the children, a torchlight procession and - hopefully - something to burn.

The burning is a recent "tradition". In 1988, to commemorate the 400th anniversary of the wrecking of a Spanish ship - one of the vessels from the Great Armada - on the East Fife shore, Behrens made a model galleon over four weeks. It was placed in the disused swimming pool just outside of town - and burnt in the evening.

"There were about 1,500 people there - a really big event," he recalls. "And that broke down the gulf between us, at least for a while. The fishermen couldn't understand how you could burn something which took so long to build. Yet they liked the event. It was a hero for a while. And then it went back to normal."

"We do get a lot of goodwill," says Laing. "And we use the big loft which the fishermen use to store their nets as a gallery. It works well."

True Fiction

Rated right off the wall at Blue Moody's

Music bonds being all the rage, Joe Queenan attempts to cash in

I had just wrapped up the Tom Jones bond rating (\$75m in 10-year notes at 7.8 per cent) when things fell apart completely. I'd been working for six months as a bond rater for Blue Moody's, which had sprung up to fill a yawning expertise gap in the financial services industry after David Bowie and his back catalogue went public, and nobody was sure how to rate the bonds.

I'd already handled Johnny Cash debentures, the Jethro Tull 2008s, and the Mott the Hoople 30-year notes, and had every reason to believe my employers were happy with my work.

With a background in economics and seven years under my belt as a drummer in The Reluctant Gherkins, an early 1970s, pre-post-new wave garage band from Portland, Oregon, I had precisely the kind of arcane, twin-track knowledge of the entertainment world and securities industry that the bond market so desperately needed.

Indeed, Blue Moody's had been founded by two analysts who had seceded from the two bond-rating titans precisely because they didn't think their singular expertise was being recognised by their employers.

Gary Krieger had been booted out on the street because he made too much of a stink about the Gene Vincent 10-year notes, which were terribly undervalued at BAA, and Chip Lehman was shown the door after he told a tame deaf boss that Gerry and the Pacemakers, at any rating, was a natural short.

Since I'd already done some work for a Seattle mutual fund specialising in "Grunge Bonds", the music equivalent of unsecured Third World debt, I was a perfect hire for Gary and Chip. However, I was the low man on the totem pole, and had to do an awful lot of the grunt work while Gary and Chip hobnobbed with the biggest stars in the business.

When Mick Jagger stopped by the office to discuss a private placement, it was Gary and Chip who got to do lunch. Same deal when Vera Lynn and The Who came calling. That left me in the back office with the dogs of the business. German art-rock bands. Ex-members of The Glitter Band. Back-up musicians from Wham!

I'd like to say right here that I accepted these assignments with the best will in the world. Perhaps my finest moment was when I devised a new bond rating, ABBA, to quantify the risk investors would face in purchasing securities issued by a raft of middle-of-the-road acts from the 1970s. Better examples of the genre got an ABBA+ and the paper to be avoided was rated ABBA-

But I was also proud of my handling of the Byrds' private placement, which their investment bankers pitched to clients as the Eight Miles High Income Fund.

Fans of the band will appreciate the intricacy of this mezzanine package. Let me stress that in most of my dealings with rock star clients I was treated with respect and dignity.

The members of Poison were perfect gentlemen with a sound financial base. Ditto the fund

raisers at Iron Maiden and Skid Row. Nor did I have any problems with Black Sabbath in the conduct of their 20-year bond issue, even though there was some messing about afterwards on the secondary market.

No, things went along swimmingly until the afternoon Chip and Gary called me into their office and told me I would be the point man on the bond offering by Head Tundra.

Unlike the rest of our clients, who tended to be big stars from the past who could generate income from an extensive back catalogue, Head Tundra was a relatively new band from just outside Swansea who had made just two records.

Though their two CDs - *Scab Scratchers I and II* - had sold phenomenally well, there was no way of knowing what the revenue stream would look like, 10 years down the road. I had seen so many bonds like this

Better examples of the genre got an ABBA+ and the paper to be avoided was rated ABBA-

come and go over the years, and it was my recommendation that the 10-year notes carry a junk rating.

Otherwise the bonds were just not going to sell. Alas, my numbers didn't sit well with the band.

One Thursday afternoon, shortly before closing time, the entire group turned up at my apartment. The lead singer, a Slimo, told me in no uncertain terms that I should run my numbers again.

I explained that the integrity of the firm was at stake, and refused to change them. At this point, the bass player grabbed me from behind and the rest of the group tied my hands and feet. They threw my furniture out of the window, and I saw no alternative but to upgrade their rating.

Needless to say, the bond offering (5.3 per cent, a mere 2 basis points above US Treasury bonds) found no takers, a misfortune the band laid squarely on my doorstep. When the offering was pulled, I had to change apartment three times and had my car vandalised. Though I have not been able to prove that these crimes were the work of my former clients or their henchmen, it became clear that my life was in danger. Fearing the worst, I decided to leave the US securities industry forever.

Today, I am working under an assumed identity as a bond analyst for a London outfit called Eighth-Note Securities. We handle ratings on issues like Back CDs, the Götterdämmerung 2050s Vivaldi's Four Tranches, and Beethoven's Seventh Offspring (the Ninth was under subscribed).

Temperamental they might have been, but they are mostly dead, so it doesn't much matter when a private placement is rated middle C.